

Fauquier County Economic Indicators



June 30, 2013
Office of Management and Budget

I. Executive Summary

Fiscal health can be measured by a myriad of factors which provide insight to current and historical economic conditions, future projections, budget preparation, and determining needs or priorities of the community.

The data provided in this document is a means of presenting fiscal health characteristics in terms of current trends as a quick snapshot of the market today which can indicate where the market is moving or of historical trends to display the trends of the market over multiple fiscal or calendar years. Current trends provide context for the historical trends of the economic environment, its prolonged expansion or contraction of the market, and signs of change.



The information that follows was derived from various sources including federal, state, or local government and the private sector. The information collected is based on 8 key categories for both current and historical trends: bankruptcy filings, businesses, community development fees and permit issuances, employment, environmental services tonnage data, residential sales and foreclosures, local revenues, and taxable sales.







Section II of the document provides a table of key observations for both current and historical economic indicators. For current economic indicators, observations are given a rating of positive, neutral, or negative based on their impact to the economic environment. Section III of the document provides overview of the economic indicator categories with various graphs. The section is divided into two sections: current and historical economic indicators.

II. Trends and Analysis

A. Current Economic Indicators

The following table displays key observations in the review of current economic indicators. The trend for each key indicator listed below is rated by one of the following symbols:

-  **Positive trends observed; can be an indicator of market expansion**
- **Neutral trends observed; changes can be an indicator of decline or growth**
-  **Negative trends observed; can be an indicator of market contraction**

Category	Indicator	Trend	Comments
Community Development	Community development fees		Community development fees began to show the first signs of sustained growth in FY 2013. FY 2013 marked the first year of annual year-over-year growth, up 22% from FY 2012.
Community Development	Building & new residential construction permits		New residential construction permits continued to improve up from annual average growth rate of 16% from FY 2009-2012, to 47.5% in FY 2013. A second year of consecutive growth was observed for the number of building permits issued up from 7.6% in FY 2012 to 18% in FY 2013.
Employment	Unemployment rate	-	The county's unemployment rate remains one of the lowest in the State at 4.8% as of June 2013, seventh lowest overall.
Employment	Unemployment insurance claims	-	Continued and initial claims continued to decline with limited seasonal fluctuations.
Environmental Services	Landfill tonnage	-	Landfill tonnage remains stable.
Environmental Services	Recycling tonnage		Recycling tonnage improved slightly in FY 2013. In particular, recycling has begun to experience recovery in the construction and demolition recycling area that may be correlated to the increased permitting activity.
Local Revenue	County sales tax collections		Sales tax collections continue to experience year-over-year increasing, totaling 7.5% in FY 2013. To date, County sales tax collections have not been impacted by the federal sequestration. Sales tax collections will be monitored closely in FY 2014 for the long-term impacts of federal decision-making on the local economy.
Residential Housing Market	Days houses are on market	-	The average days on the market continues to decline similar to the rest of the region.
Residential Housing Market	Median sales price		Median home sale prices continue to improve over the last twelve months. While the median value dropped off slightly in the last quarter, the slight decline has been offset by the value at which homes are selling in comparison to original list price has increased even with a higher volume sales.
Residential Housing Market	Foreclosures and short sale listings	-	Foreclosure and short sale listings remain stable.
Residential Housing Market	Number of homes sold		The number of home sales continues to improve coupled with a higher volume of active listings.

B. Historic Economic Indicators

The following table displays trends and observations relative to historic economic indicators and how those observations may impact current economic indicators.

Category	Indicator	Trend	Comments
Bankruptcy Filings	Number of bankruptcy filings	-	The number of bankruptcy filings for both business and non-business filings continued to decline incrementally throughout 2012.
Businesses	Number of new licenses issued	↑	FY 2013 marked the first year of growth in the number of new licenses issued for businesses.
Businesses	Number of startup firms	-	While the number of start-up firms reported has seen some improvement since the significant declines in 2011, significant seasonal fluctuation remains.
Residential Housing Market	Foreclosures by loan type	-	Foreclosures remain stable through the first six months of 2013 for all loan types with no significant change from 2012. However, The County's exposure to subprime loans for owner-occupied mortgage has declined slightly.
Taxable Sales	Taxable sales	↑	Taxable sales continue to improve year-over-year with maintained improvement in key areas of sales including building materials and food and beverage establishments.

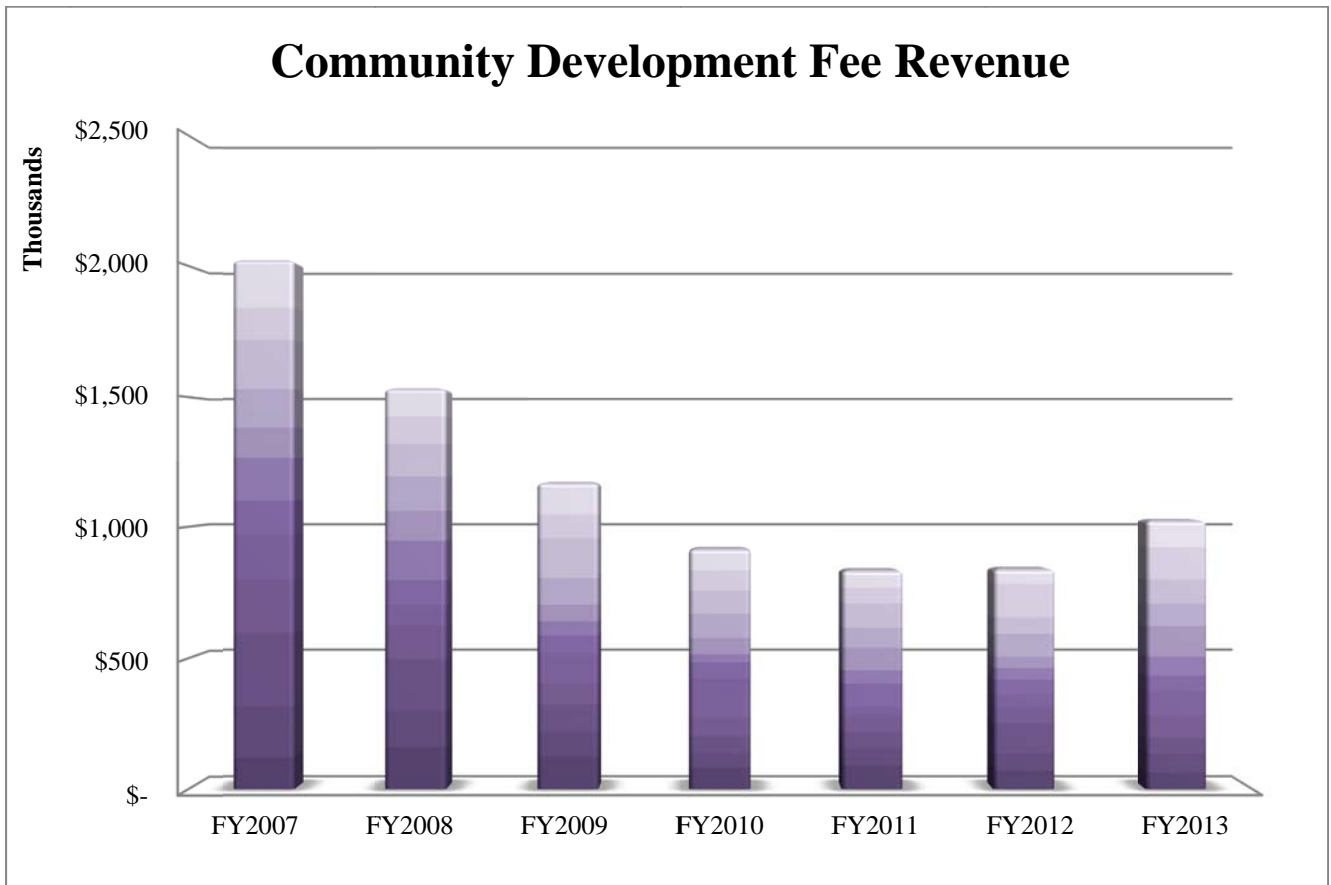
III. Economic Indicators – Data

A. Current Economic Indicators Data

1. Community Development

a) Community Development Fees

In FY 2013, Community Development Fee revenue experienced the first year of marked growth since the downturn, and the first year of revenue in excess of \$1 million since the recession.

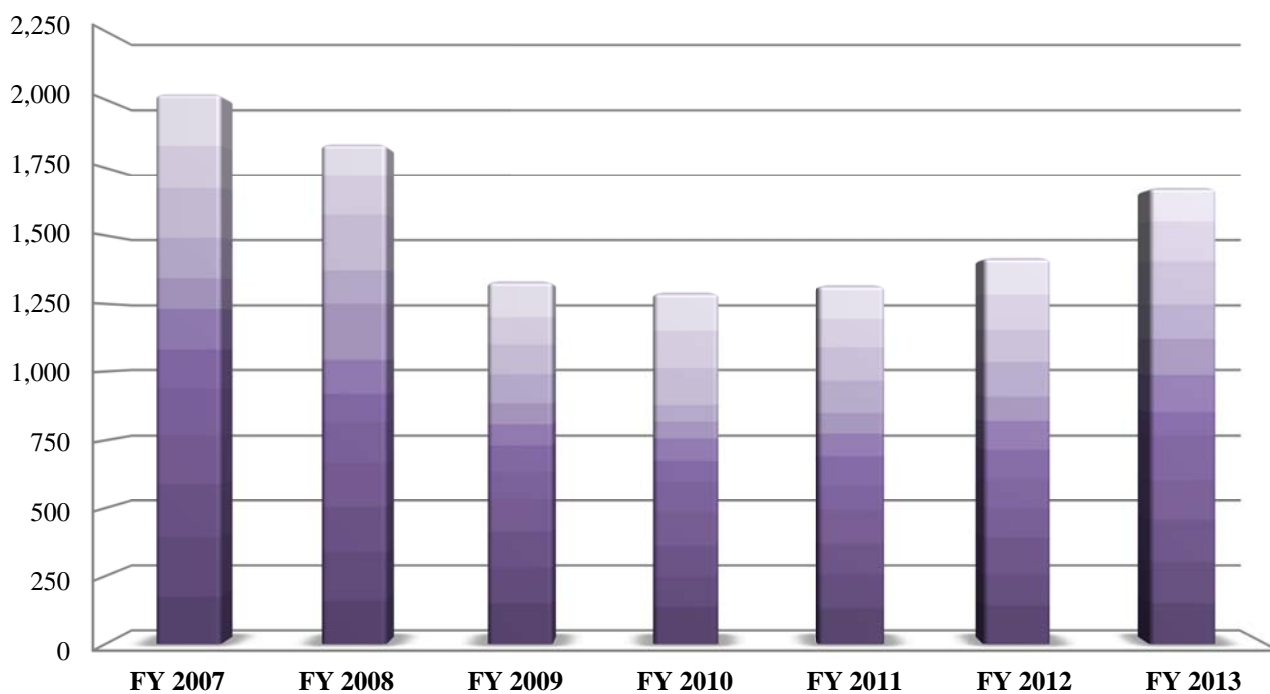


Source: Community Development

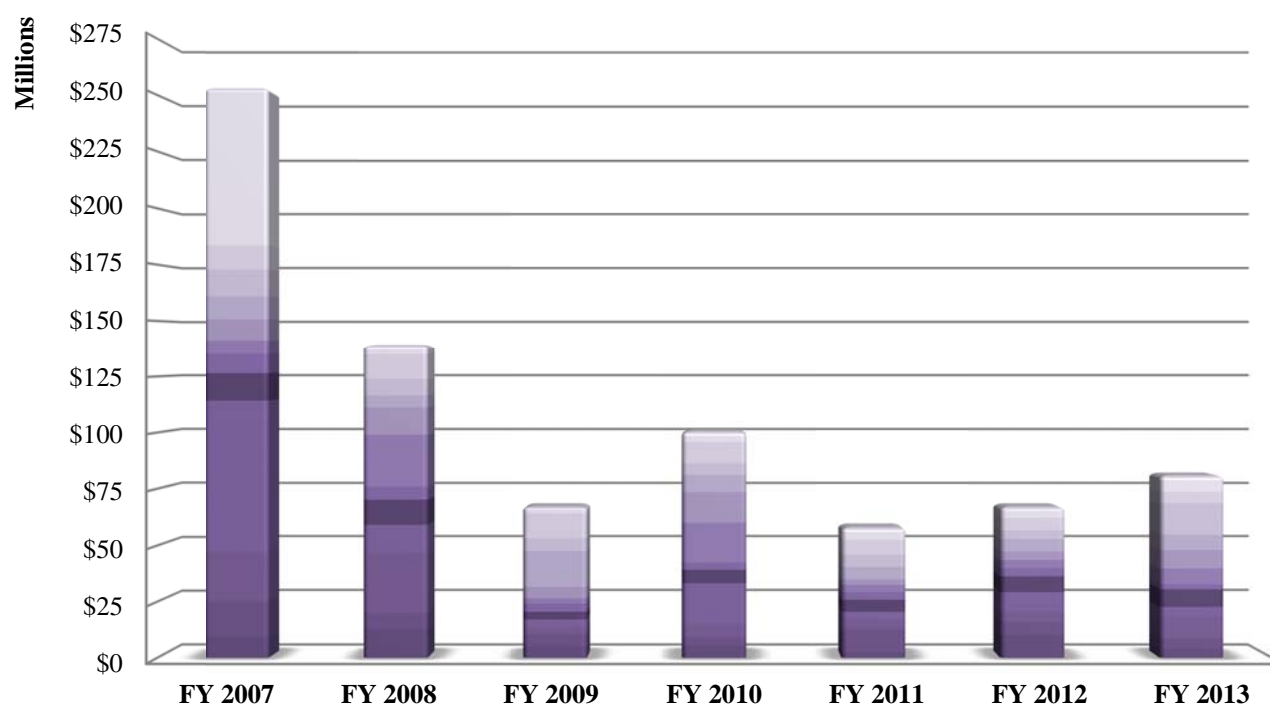
b) Building Permits

FY 2013 marked the first year for growth in building permits since the beginning of the recession, with an 18% increase over FY 2012. In FY 2013, new home construction permits experienced their largest annual increase since the downturn. Between FY 2009 and FY 2012, new home construction permits increased on average 16% year-over-year. In FY 2013, new home construction permits increased by 47.5% over the prior year.

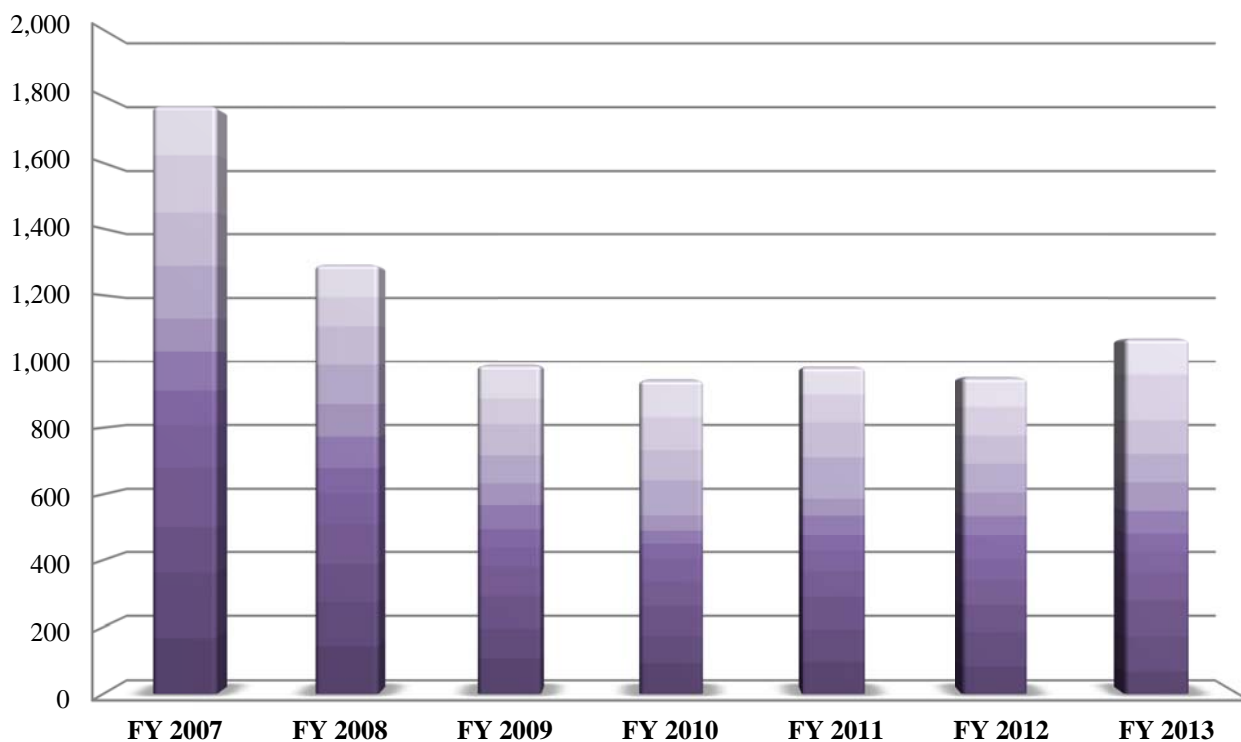
Building Permits Issued



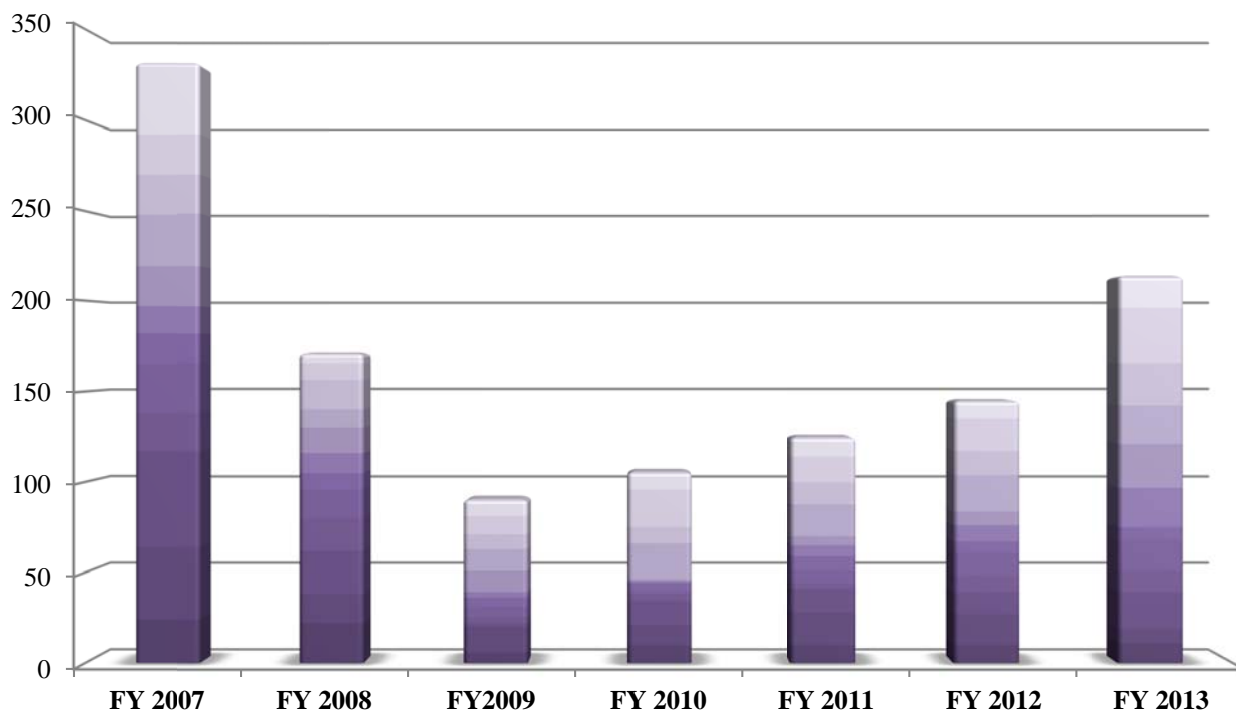
Total Construction Value of Building Permits



Residential Plan Reviews



New Home Construction Permits Issued by Year

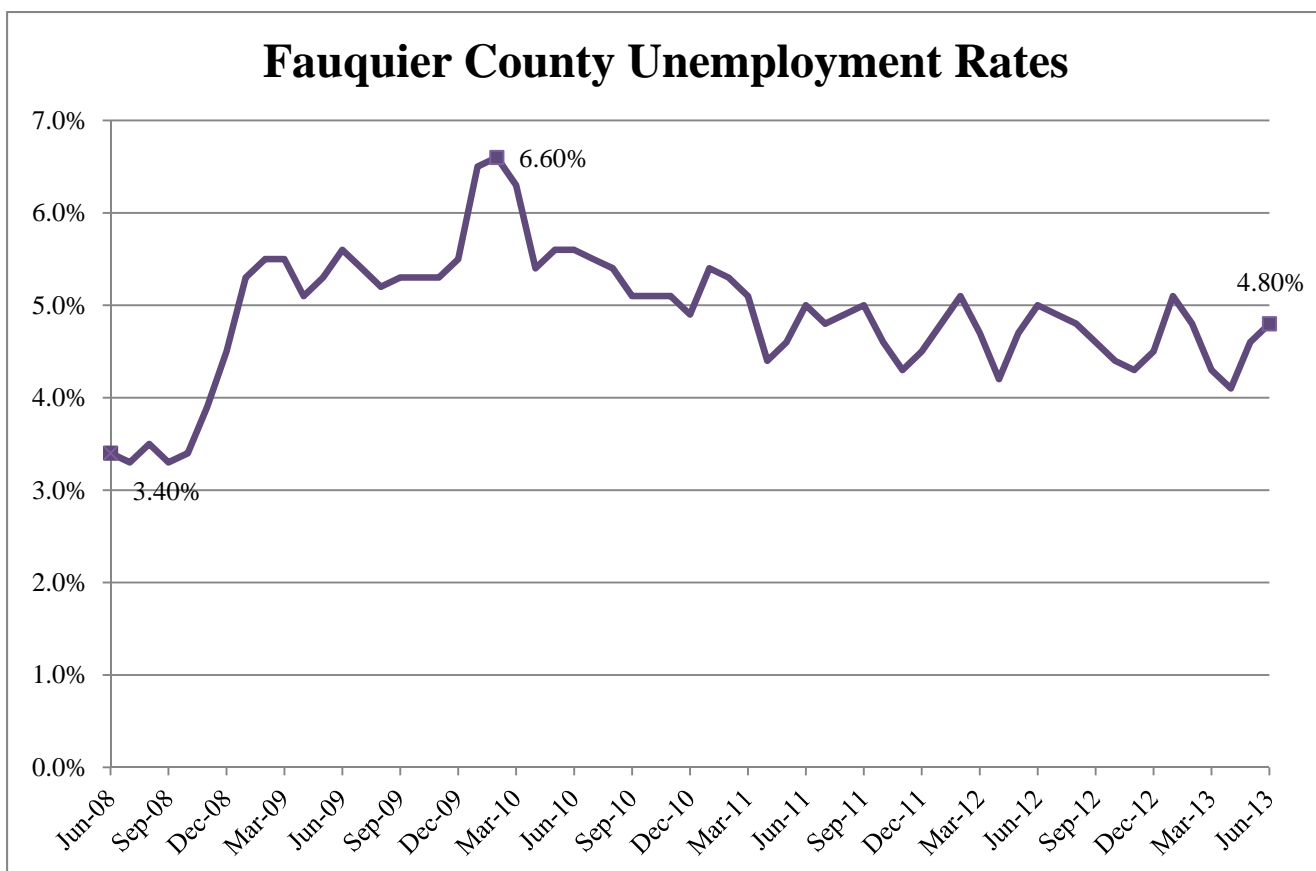


Source: Community Development

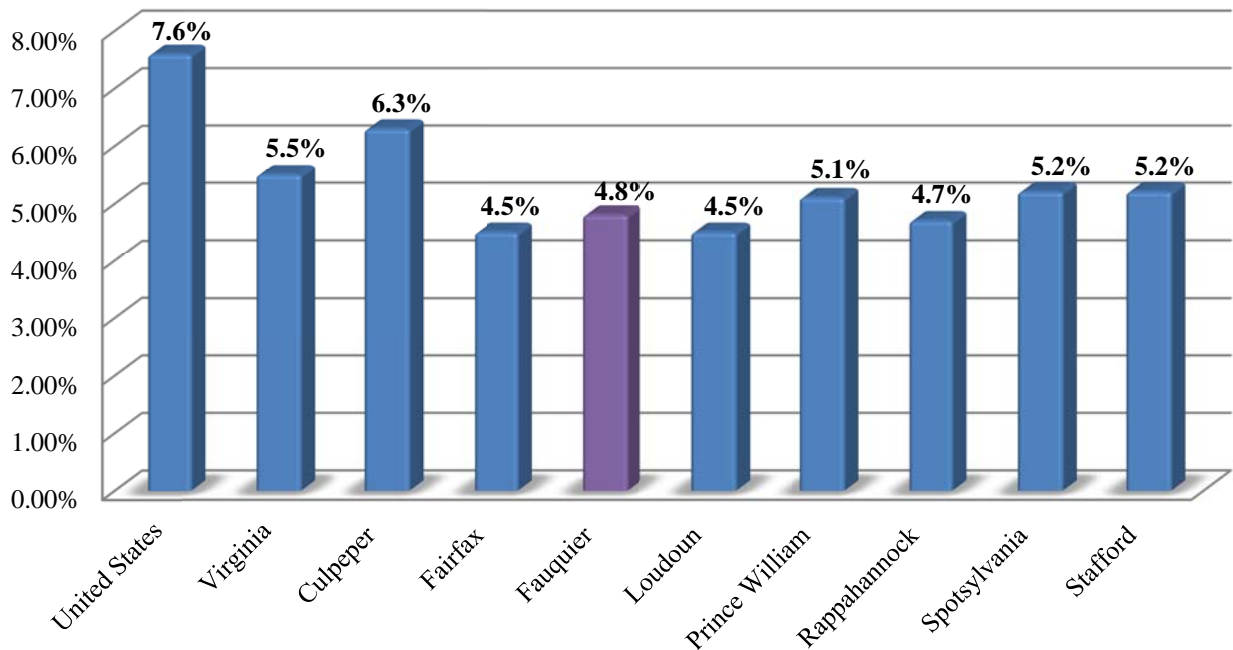
2. Employment

a) Unemployment Rates

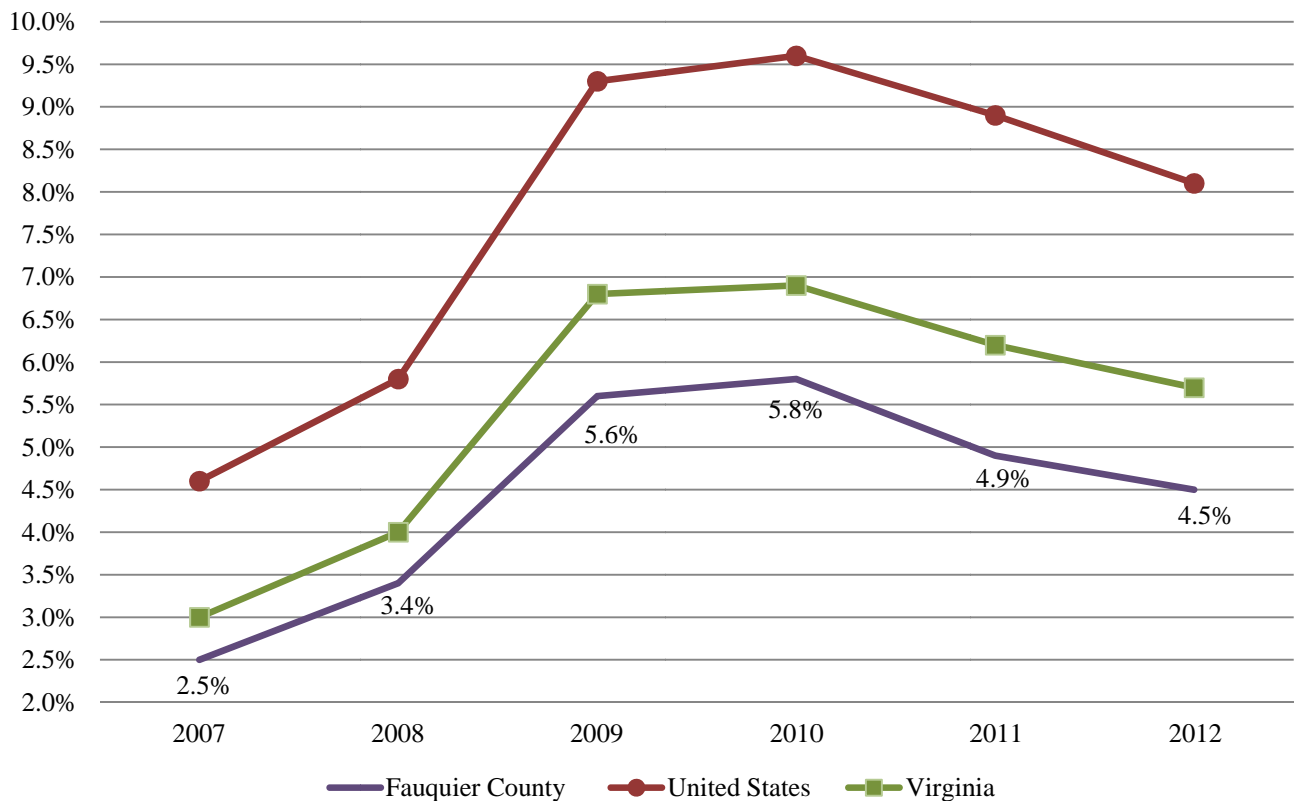
Unemployment for the United States and the Commonwealth of Virginia continues to slowly recover with marked improvements over the past 12 to 18 months. The Fauquier County unemployment rate remains on a slow decline. In comparison to other local jurisdictions, Fauquier County's June 2013 unemployment rate of 4.8% trails Arlington, Fairfax, Loudoun, Alexandria, and Rappahannock; is ahead of Prince William, Spotsylvania, and Stafford; and is significantly lower than Culpeper at 6.3%. Overall for the Commonwealth, Fauquier County ranked 7th behind Arlington, Fairfax, Loudoun, Greene, Alexandria, and Rappahannock; and was equal to Frederick County.



June 2013 Unemployment Rates *not seasonally adjusted*



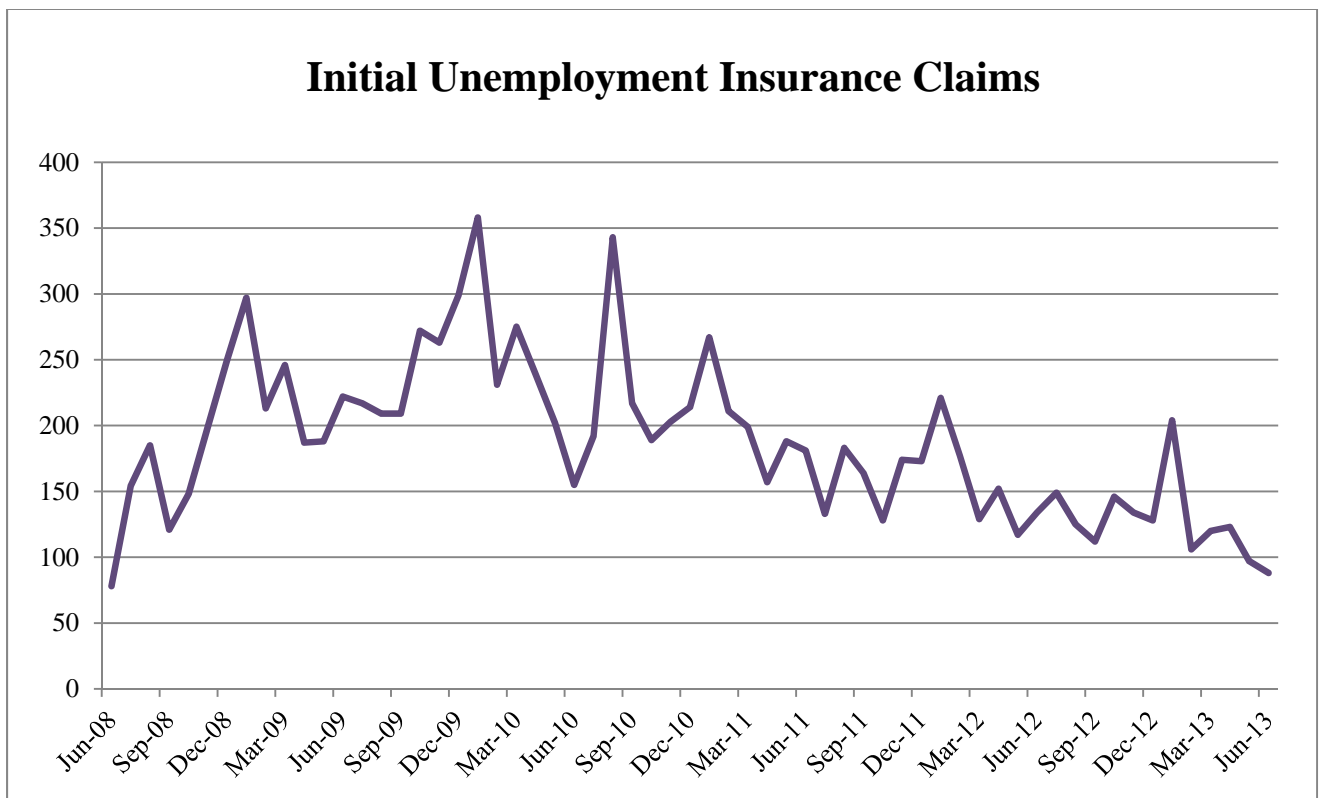
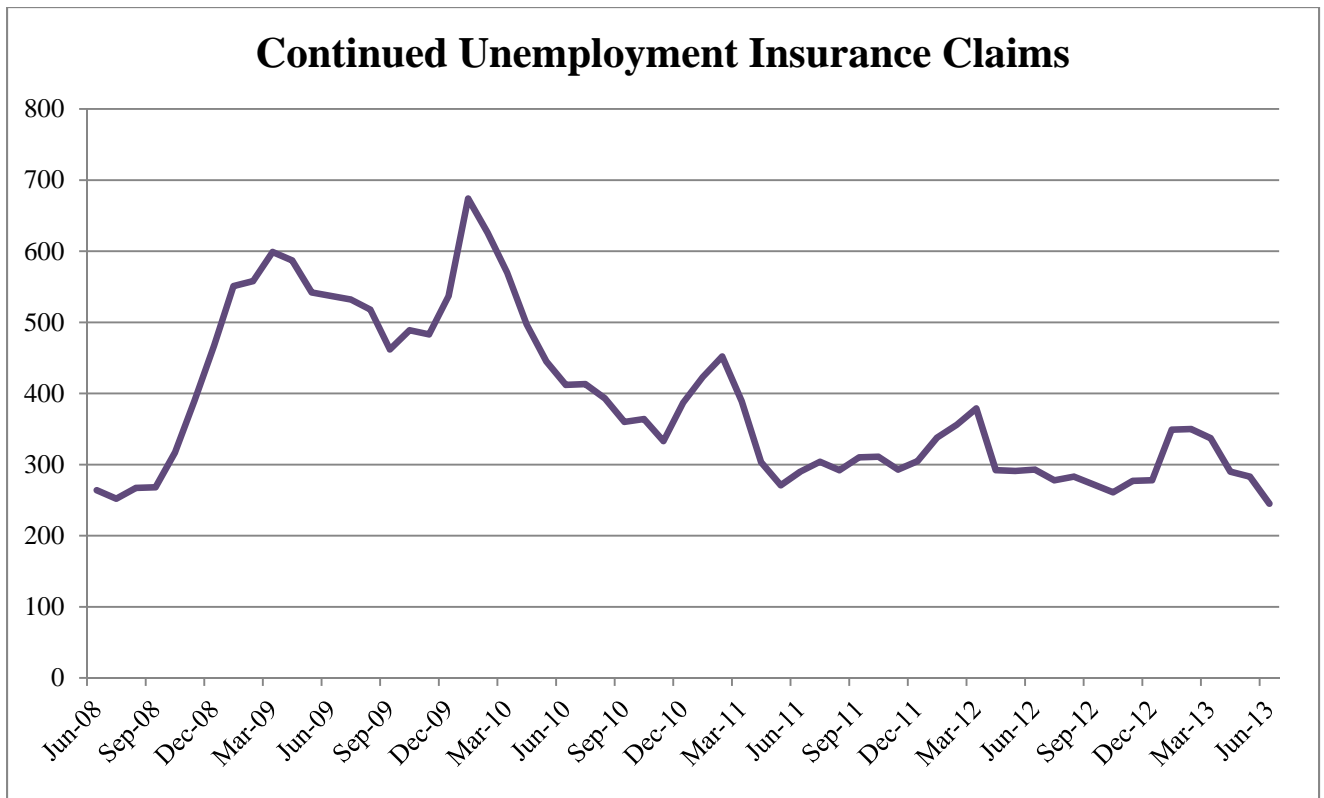
Average Annual Unemployment Rates *not seasonally adjusted*



Source: Virginia Employment Commission

b) Unemployment Insurance Claims

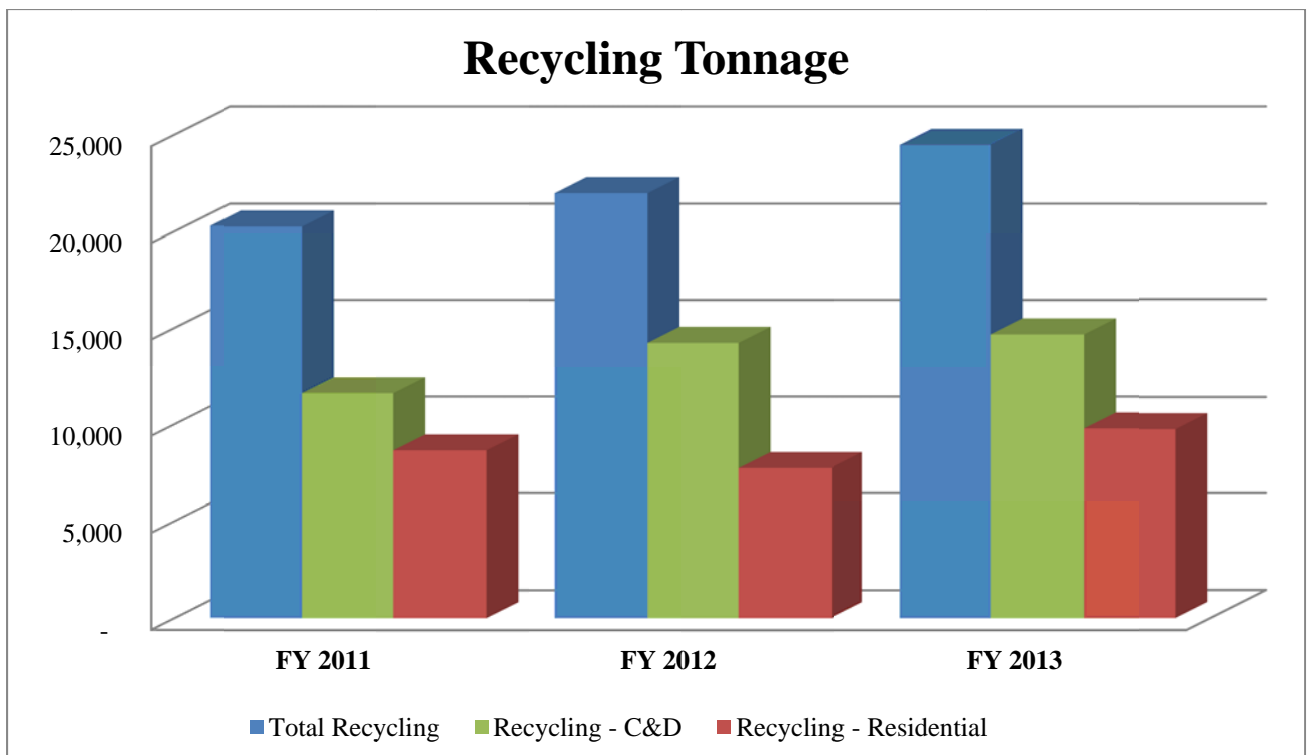
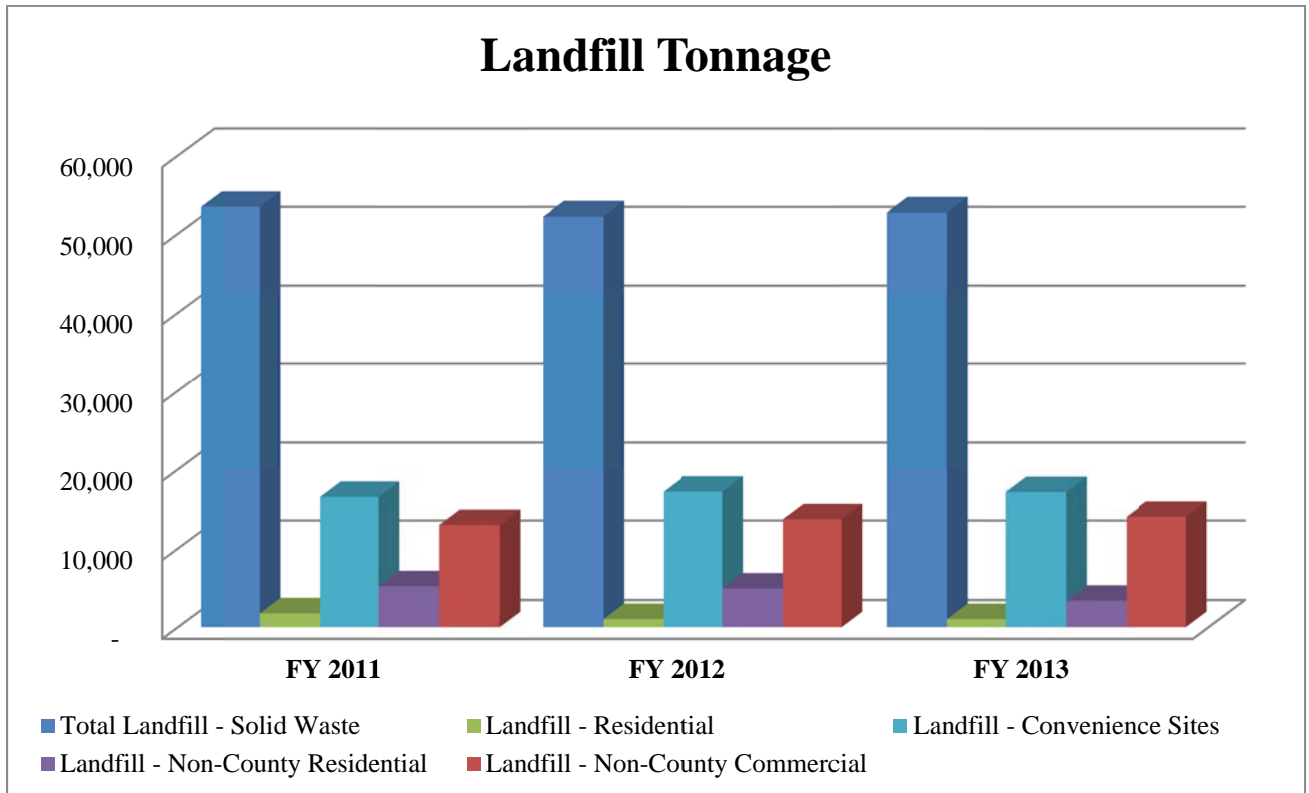
Continued claims have slowly declined over the last 18 months with only seasonal fluctuation. Initial claims continue to decline, nearing pre-recession levels of claims.



Source: Virginia Employment Commission

3. Environmental Services

Overall, landfill and recycling tonnage in FY 2013 remains stable to slightly improving. In FY 2013, recycling tonnage experienced marked improvement both in residential and construction/demolition. The increase in tonnage for construction/demolition recycling is indicative of the growth in permitting activity.



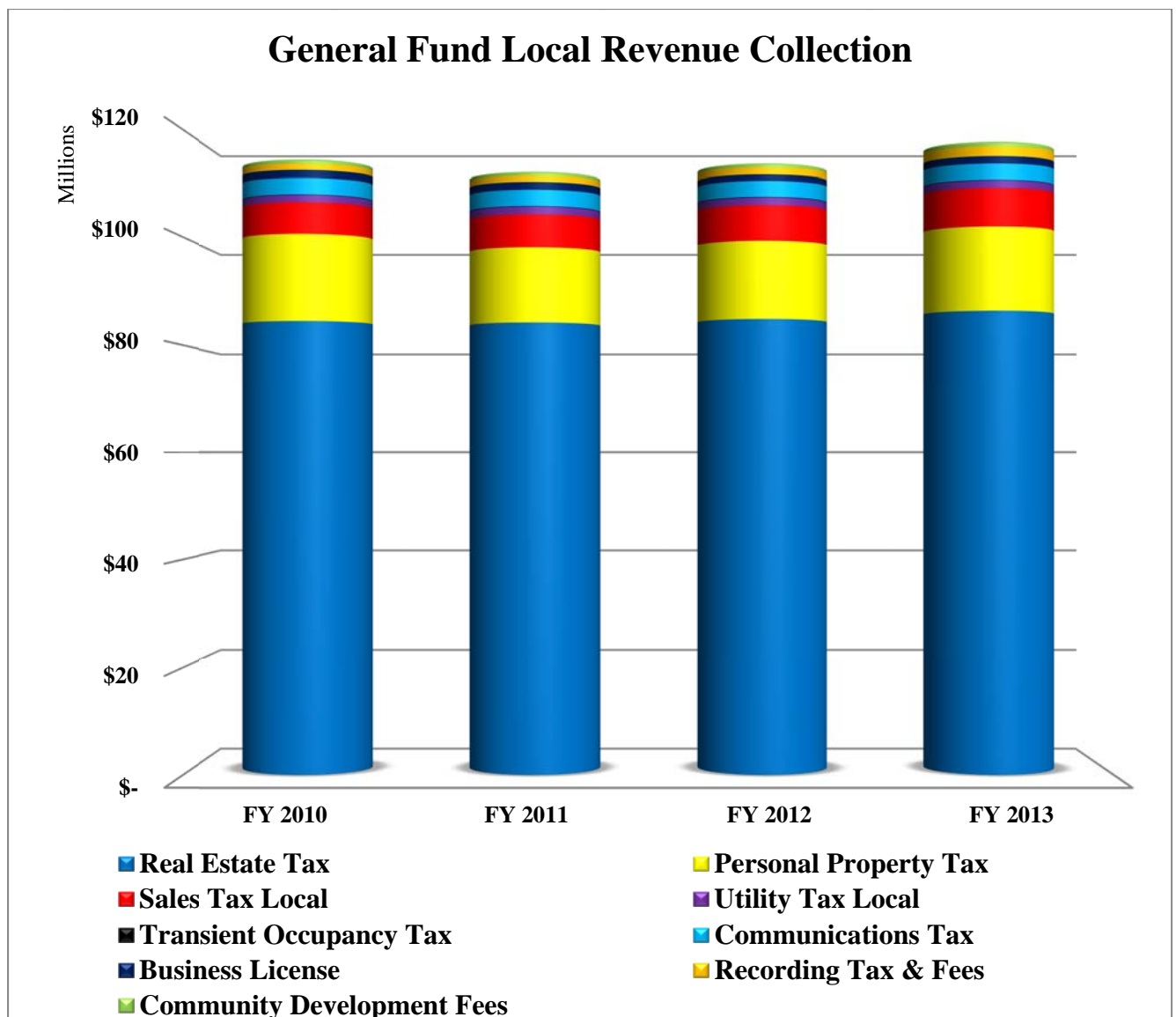
Source: Environmental Services

4. Local Revenues

The following graphs display key General Fund local revenue sources. Local revenue sources observed are real estate tax, personal property tax, sales taxes, utility tax, communication tax, recoding tax and fees, business and other professions licensing tax and fees, and transient occupancy tax revenue.

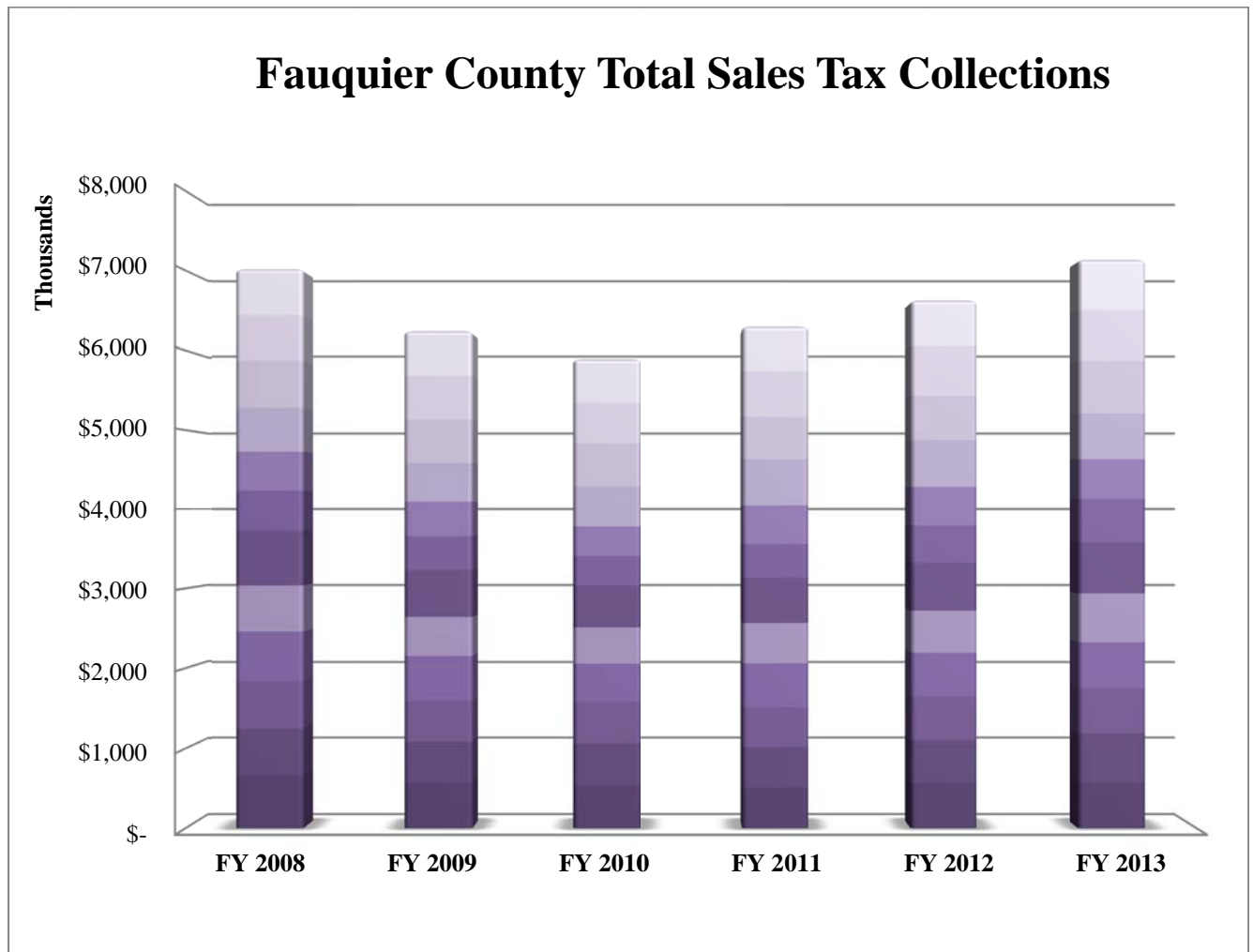
a) General Fund local revenue collection

General Fund local revenues continue to show modest improvement in real estate, sales, and personal property taxes. Growth in real estate taxes is attributable to both a one-cent increase in the tax rate for the second-half of FY 2014 and growth in the base. Personal property tax and sales tax continue to experience year-over-year growth. Improvements in the real estate market have contributed to modest recovery in recording taxes and fees.



b) Sales Tax Revenue

Monthly sales tax collections continue to improve year-over-year. On a monthly basis when comparing collections to the prior year, FY 2013 shows marked improvement maintaining an average 7.5% increase over FY 2012.

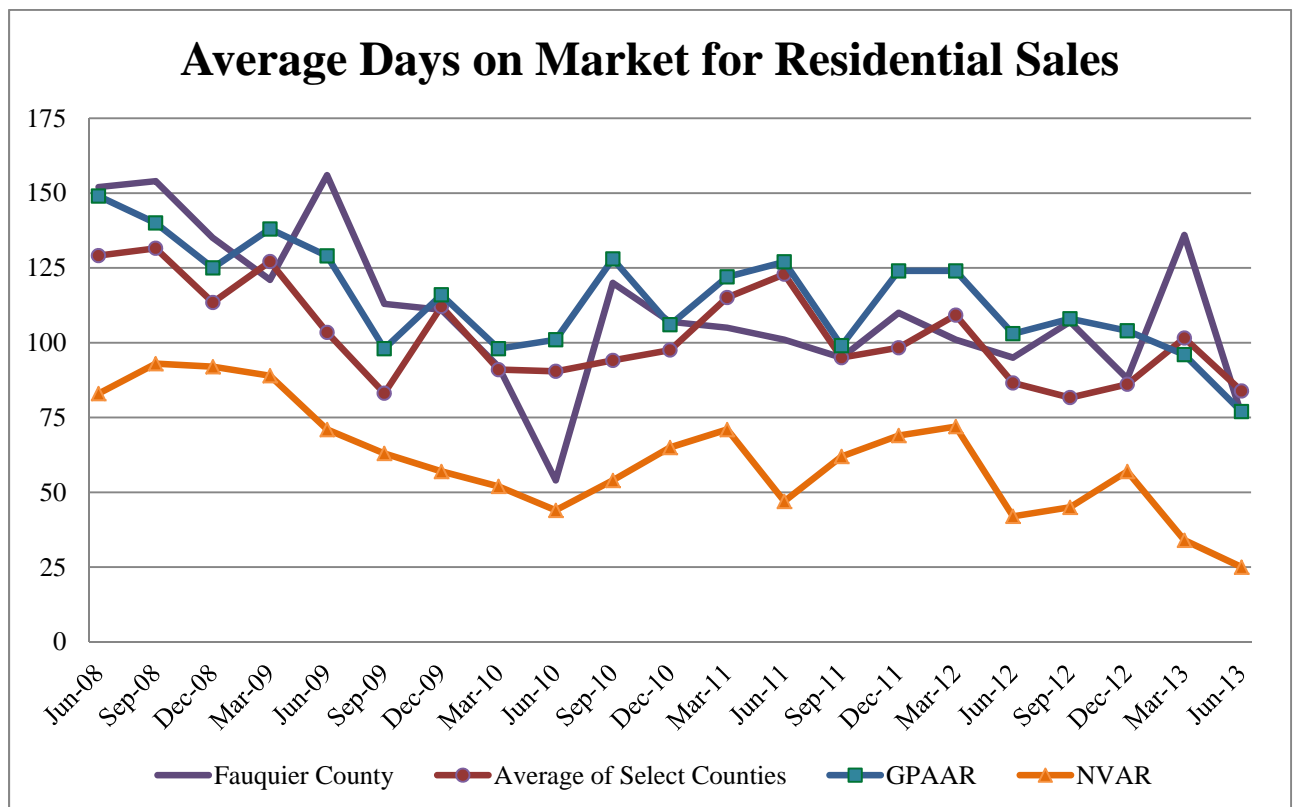


5. Residential Housing Market – Current Data

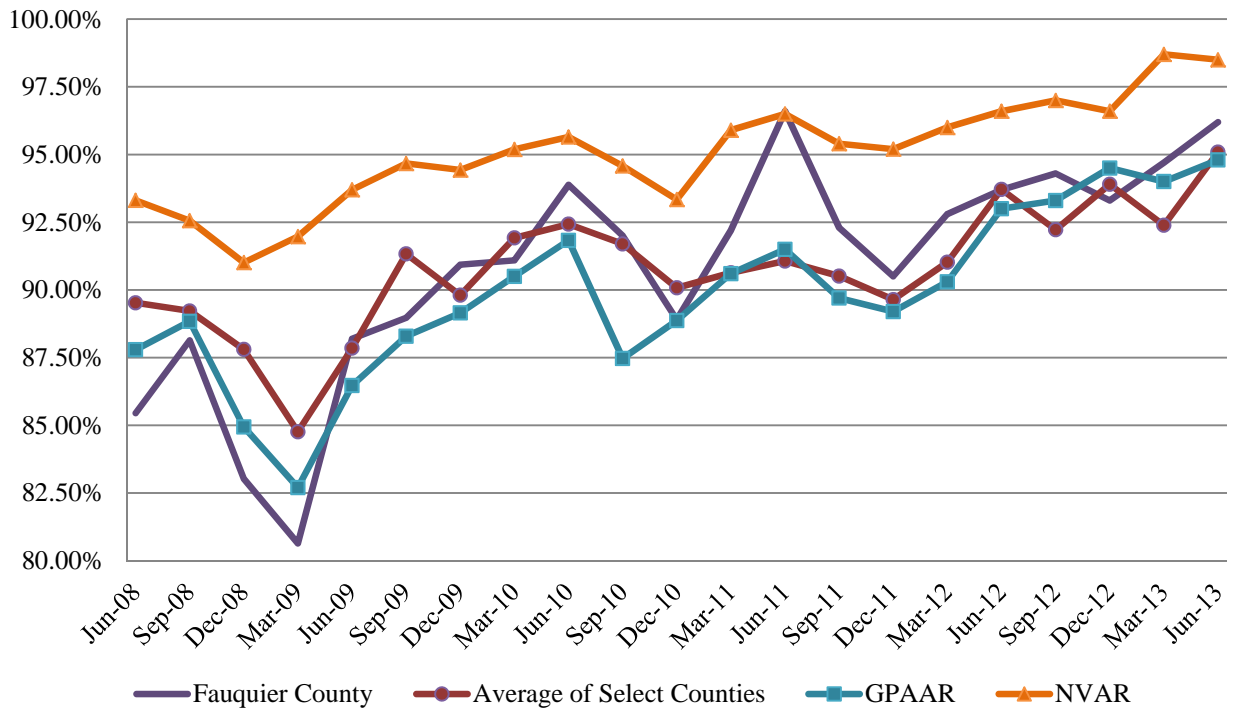
The following charts provide data on various characteristics of the local residential housing market. The graphs display data for Fauquier County, the Greater Piedmont Area Association of Realtors, Northern Virginia Association of Realtors, and/or an Average of select counties. The Greater Piedmont Area Association of Realtors (GPAAR) is composed of the following counties: Fauquier, Culpeper, Orange, Madison, and Rappahannock. The Northern Virginia Association of Realtors (NVAR) is composed of the following counties or cities: Fairfax County, City of Fairfax, Arlington County, City of Alexandria, and City of Falls Church. The selected counties for purposes of averaging include Fauquier, Culpeper, Orange, Madison, Fairfax, Loudoun, Prince William, Rappahannock, and Spotsylvania.

a) Residential Sales

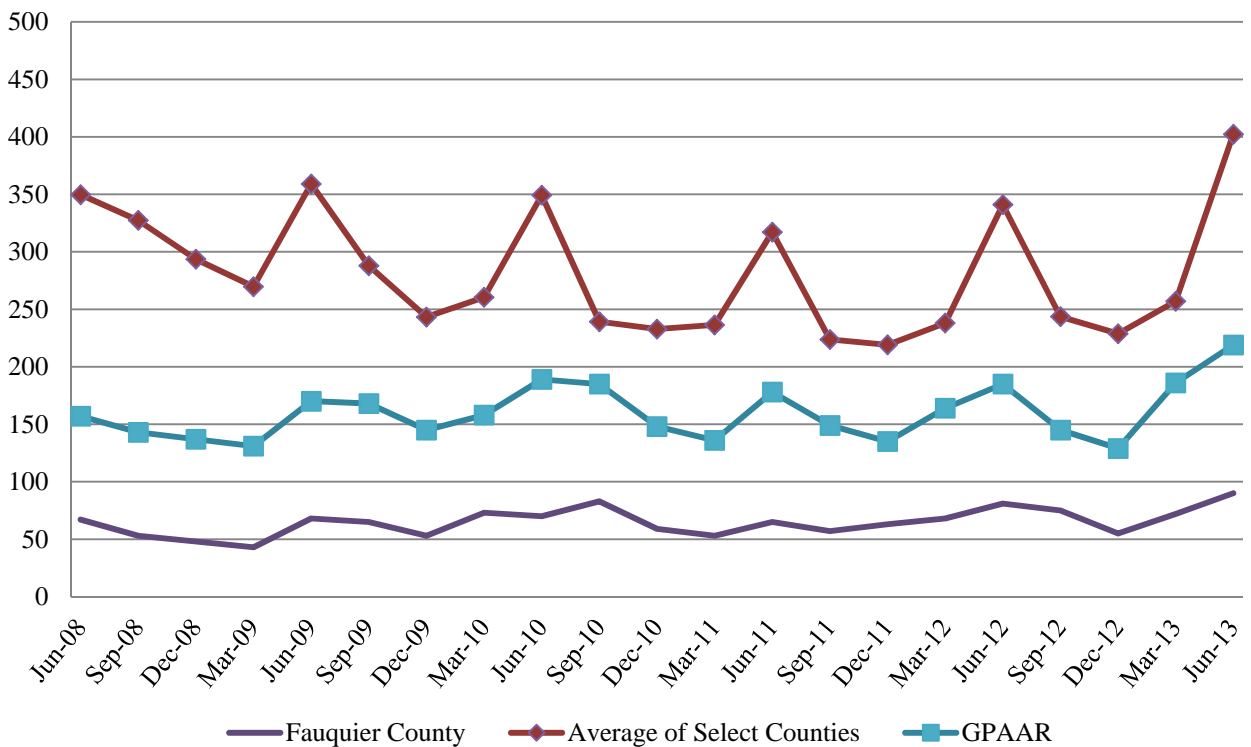
The County's housing market has experienced stable growth over the last 12 to 18 months. The average number of days on the market has continued to decline with no sustained increases, similar to the rest of the region, coupled with increased listings over the first six months of 2013. The sales price to list price ratio as well as the median home sales value has improved with smoother seasonal fluctuations than prior to 2012.



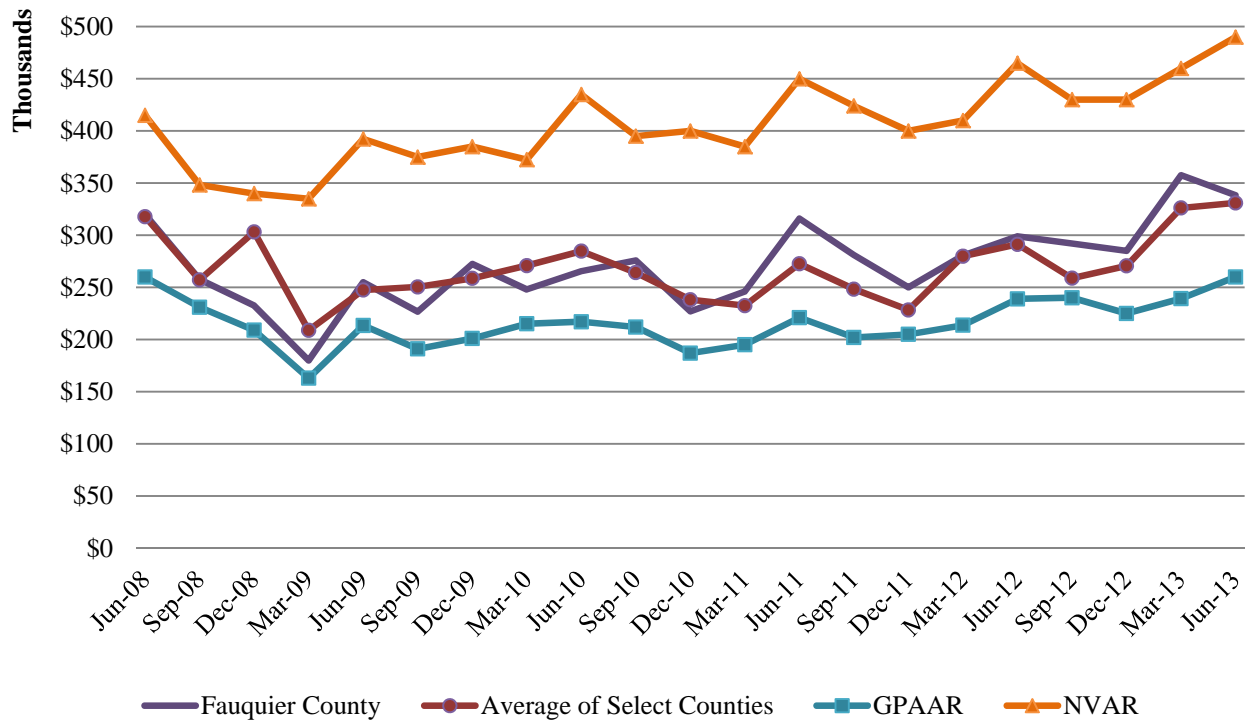
Average Sales Price as a % of Average List Price



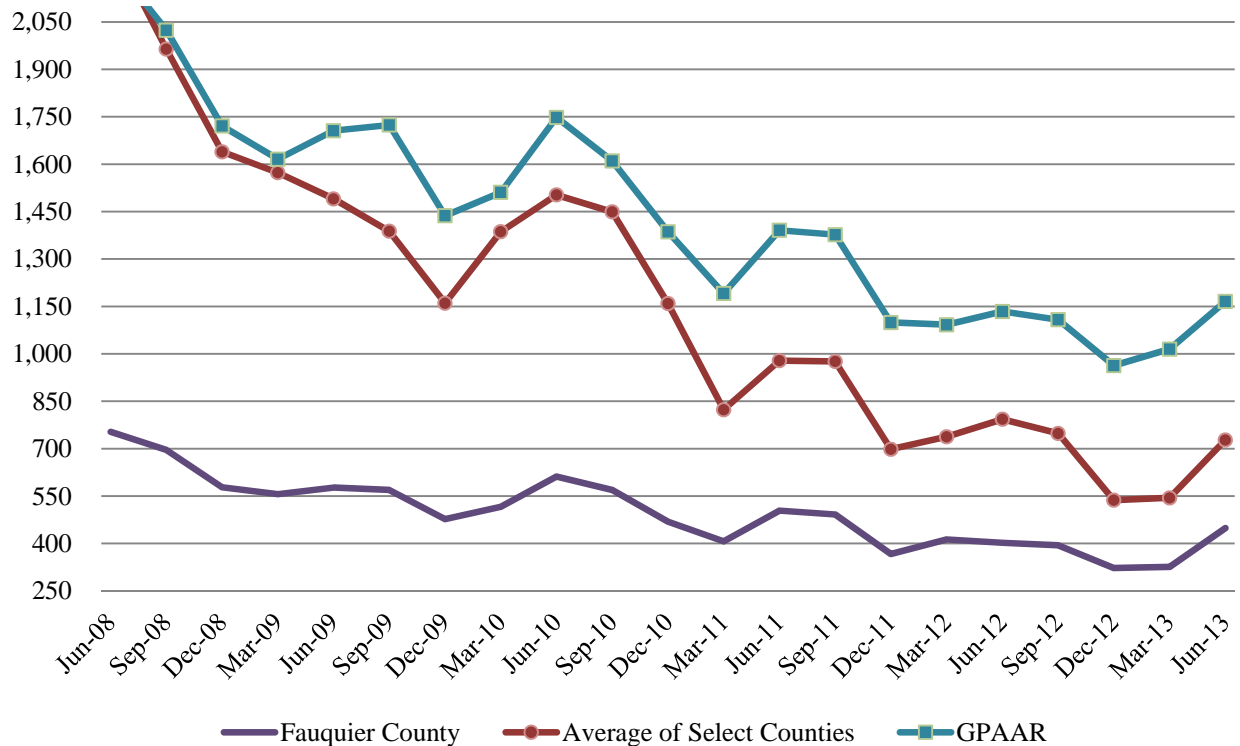
Number of Home Sales



Median Home Sales Prices



Active Listings

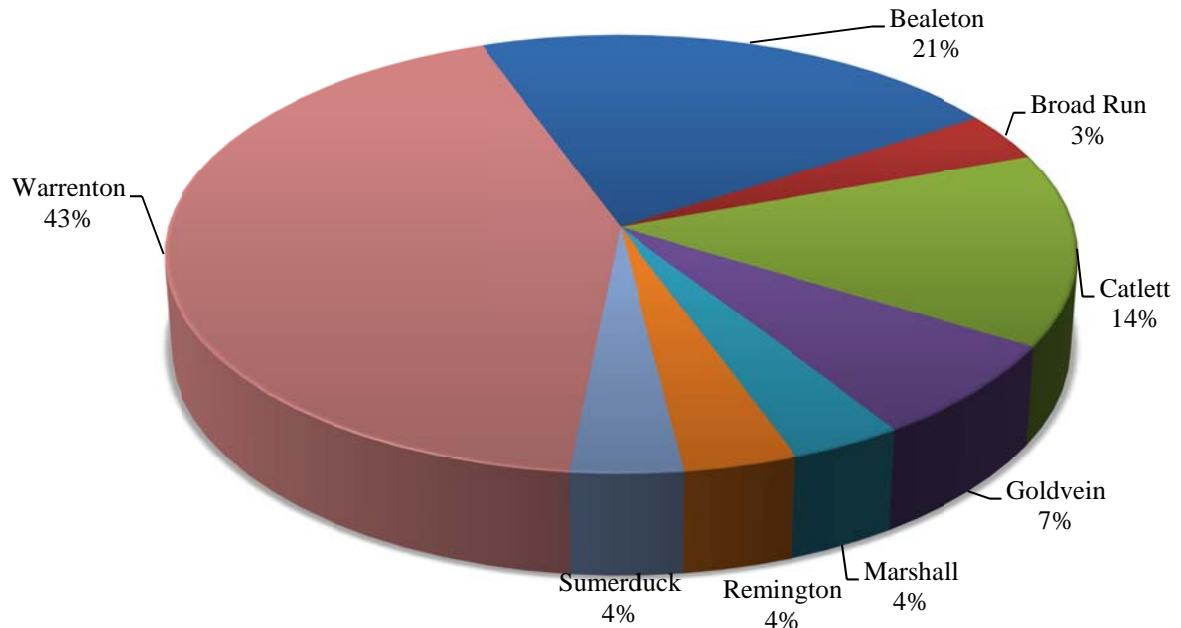


Source: Metropolitan Regional Information Systems, Inc. (MRIS)

b) Foreclosures and Short Sales

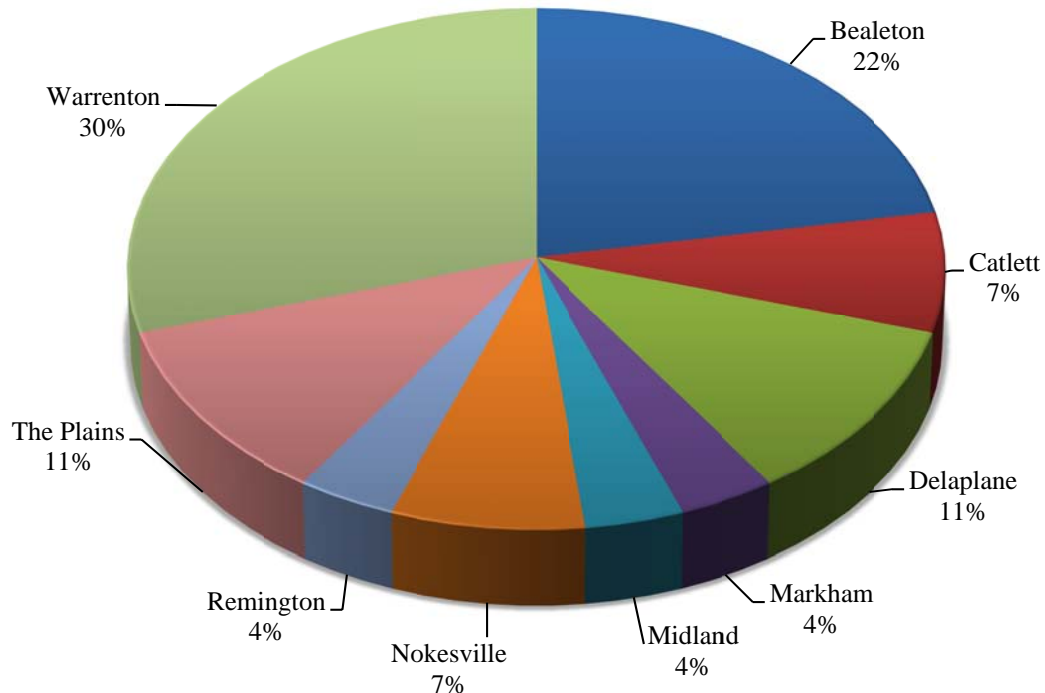
The volume of foreclosure and short sale listings has remained stable over the last 12-18 months with no marked fluctuations.

Foreclosure Listings as of June 30, 2013



28 foreclosure listings as of June 30, 2013. Source: Redfin.com

Short Sales Listings as of June 30, 2013

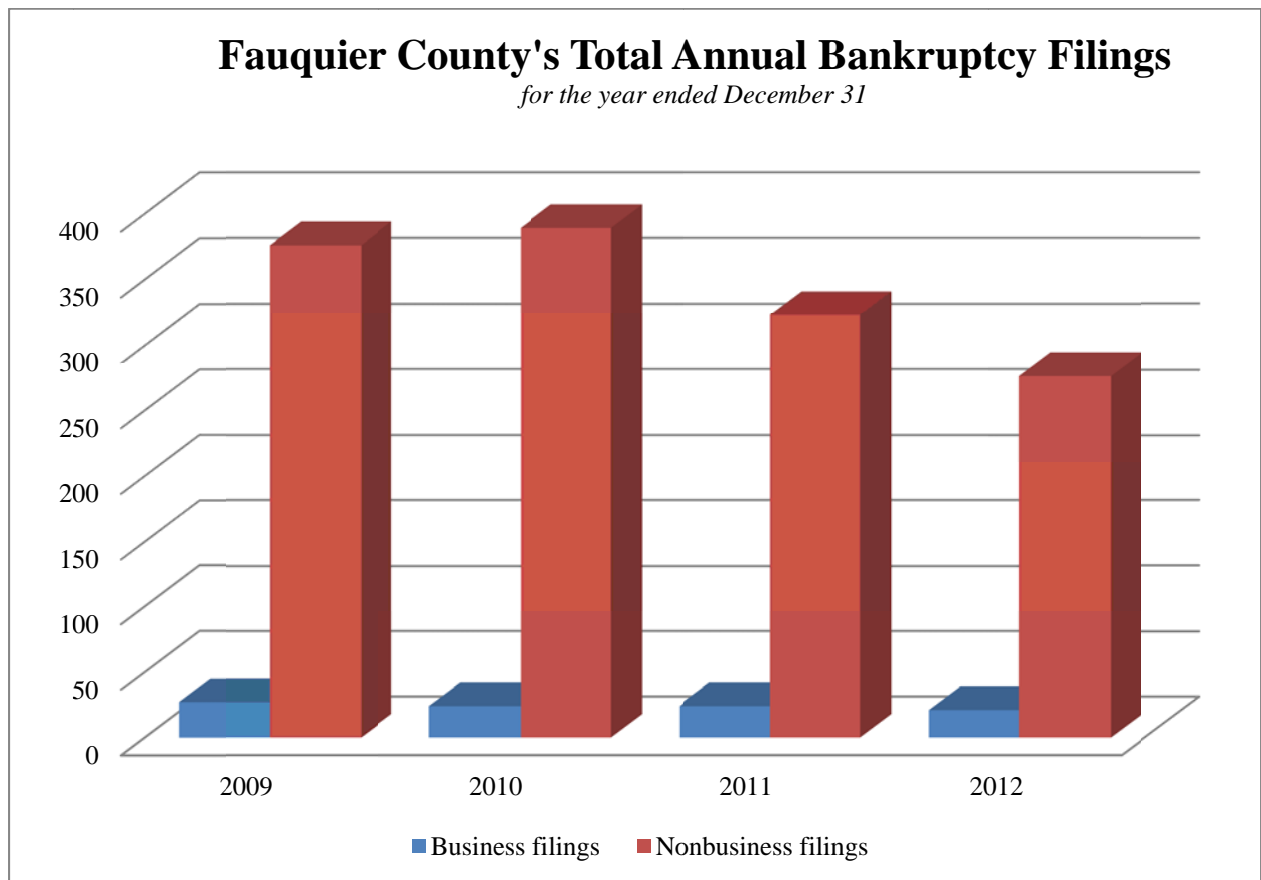


27 short sale listings as of June 30, 2013. Source: Redfin.com

B. Historical Economic Indicators Data

1. Bankruptcy Filings

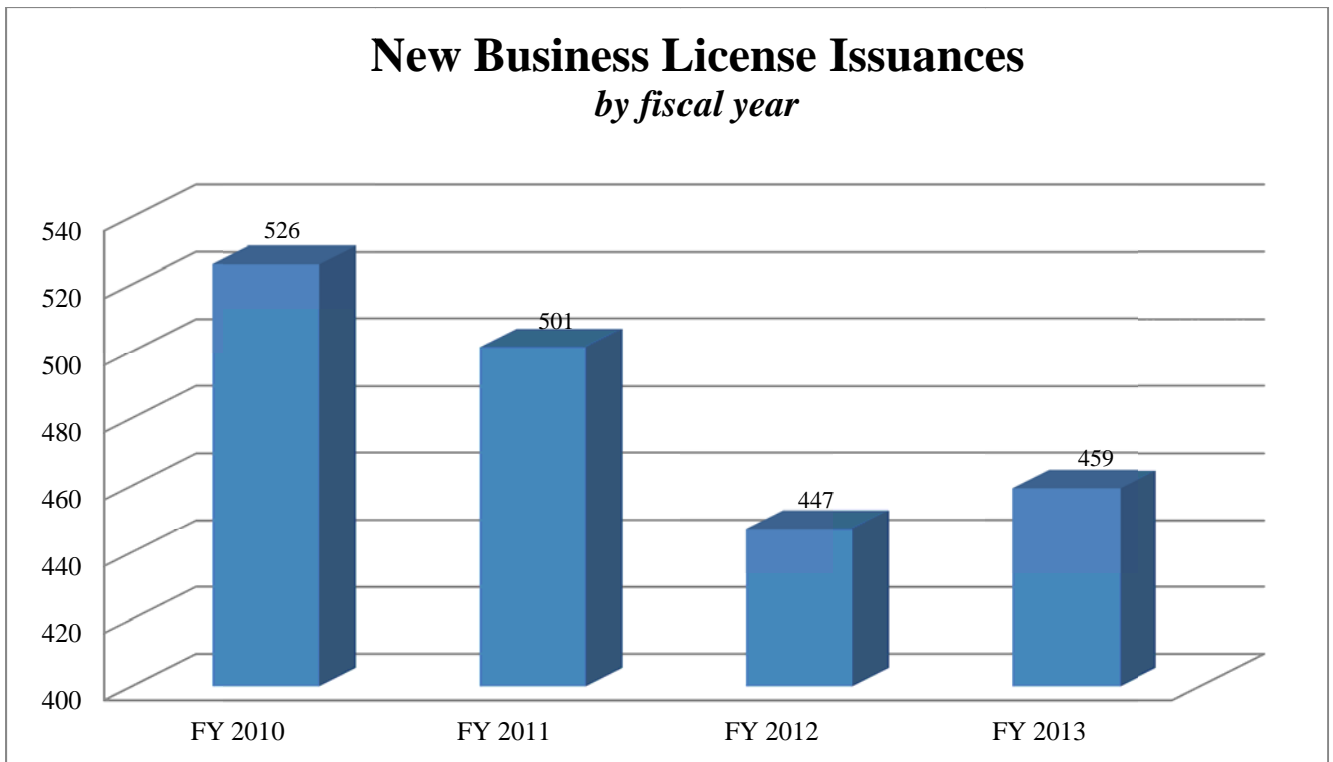
While the number of business filers are relatively stable over the last 12 months, non-business filers continues to decline between 15-17% annually.



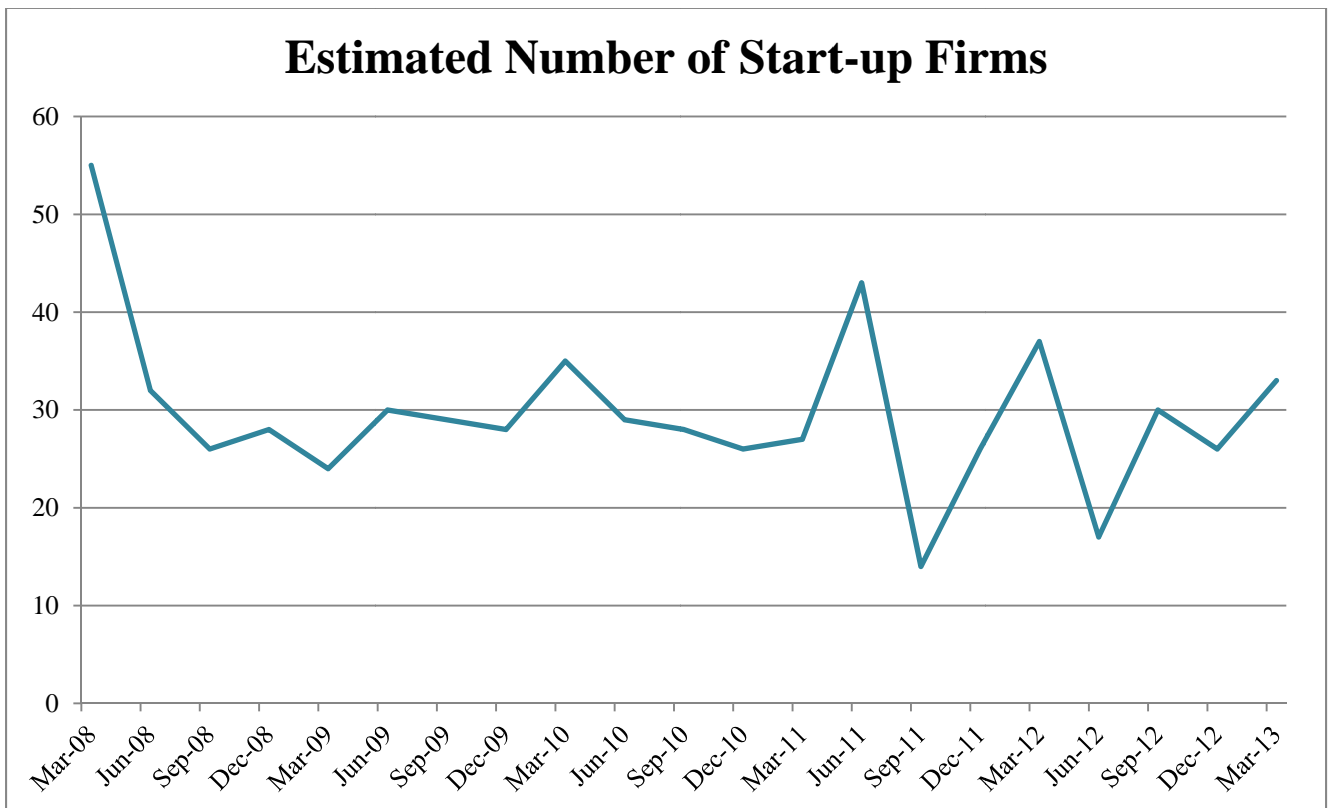
Source: United States Courts System

2. Businesses

FY 2013 marked the first year of growth in business licenses issued since the recession. New business licenses issued increased by 2.7% from FY 2012 to FY 2013. The increase is noted improvement over the decline of 10.8% from FY 2011 to FY 2012.



Source: Commissioner of the Revenue



Source: Virginia Employment Commission

3. Residential Housing Market – Historical Data

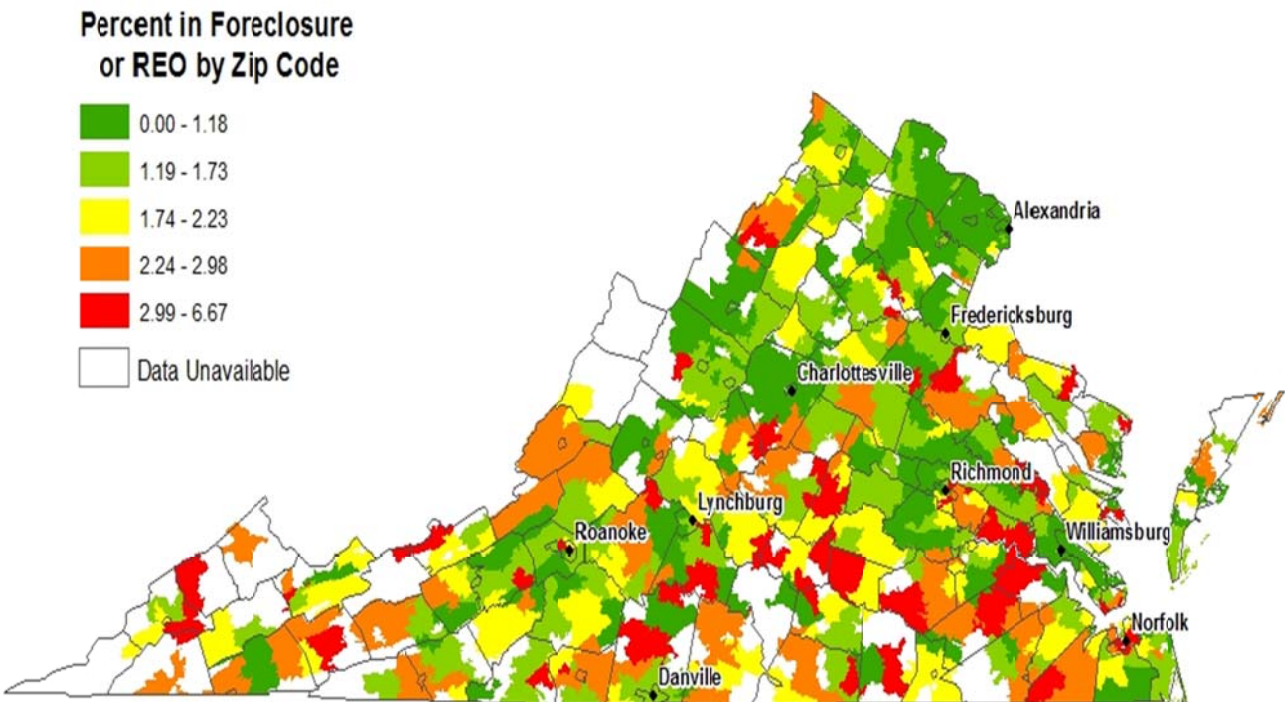
a) Residential Foreclosures and Delinquencies

The following five graphs are prepared by the Federal Reserve Bank of Richmond as part of their quarterly mortgage performance summaries for the Commonwealth of Virginia display:

- Percentage of foreclosures or reo for owner-occupied mortgages – prime loans;
- Percentage of delinquencies for owner-occupied mortgages – prime loans;
- Percentage of foreclosures or reo for owner-occupied mortgages – subprime loans;
- Percentage of delinquencies for owner-occupied mortgages – subprime loans; and
- Percentage of owner-occupied mortgages with subprime loans.

Over the past 12 months both foreclosures and delinquencies in the County continue to improve for prime and subprime loans. Additionally, the volume of owner-occupied home mortgages with subprime loans has lessened throughout the County over the past year.

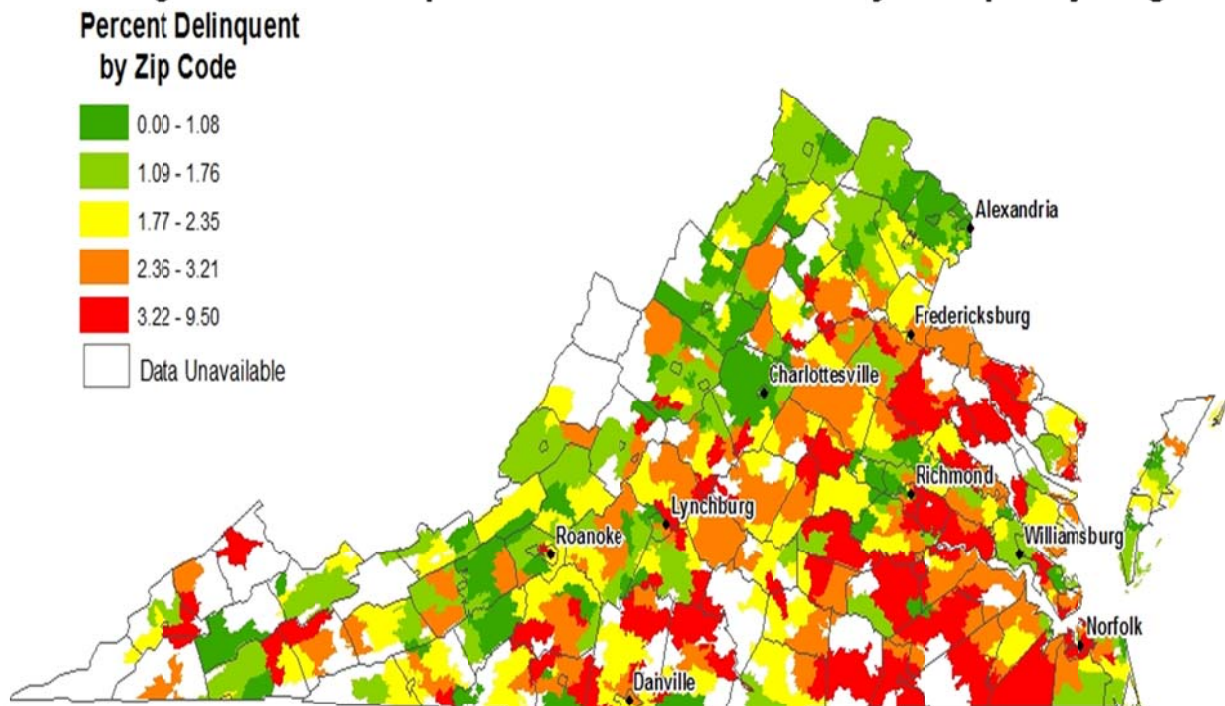
Percentage of Owner-Occupied Prime Loans in Foreclosure or REO : Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (June 2013)

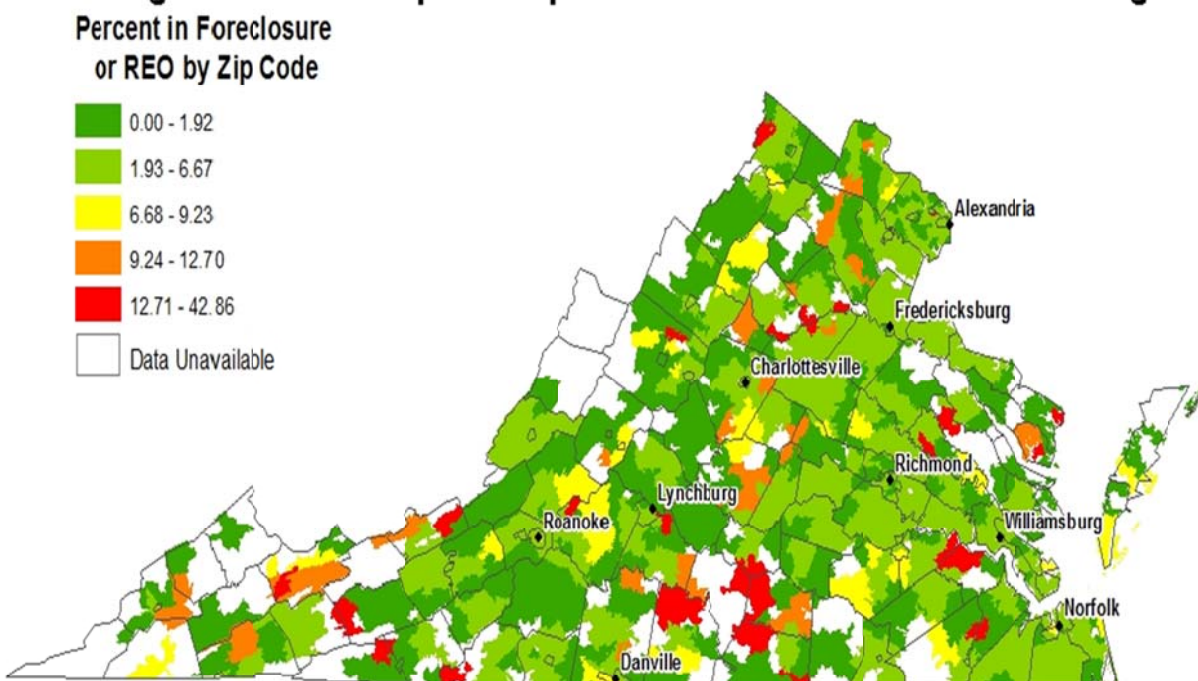
Percentage of Owner-Occupied Prime Loans with 90+ Day Delinquency: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (June 2013)

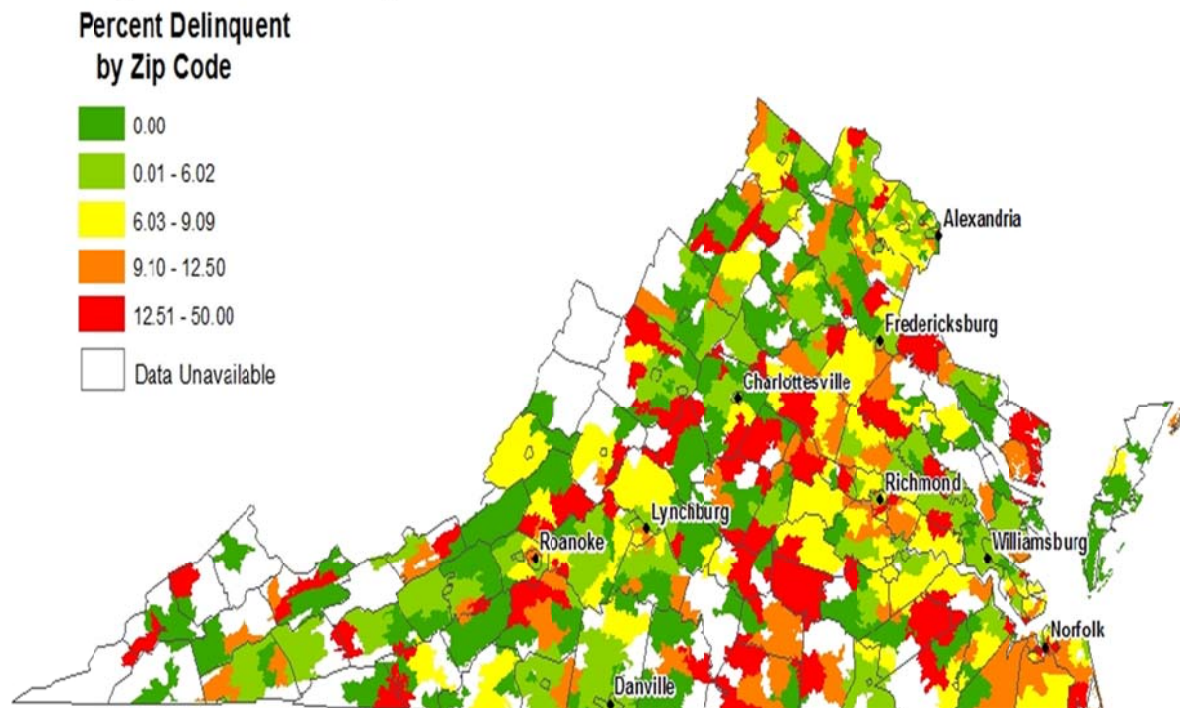
Percentage of Owner-Occupied Subprime Loans in Foreclosure or REO: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (June 2013)

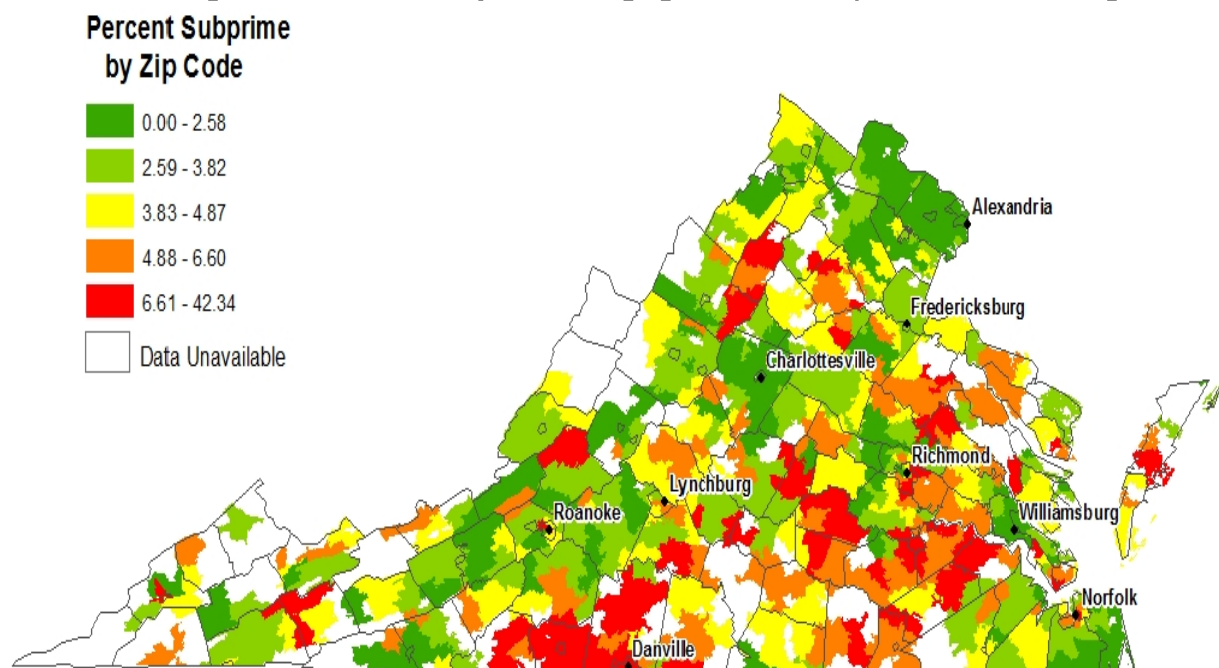
Percentage of Owner-Occupied Subprime Loans with 90+ Day Delinquency: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (June 2013)

Percentage of Owner-Occupied Mortgages with Subprime Loans: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or have no data available.

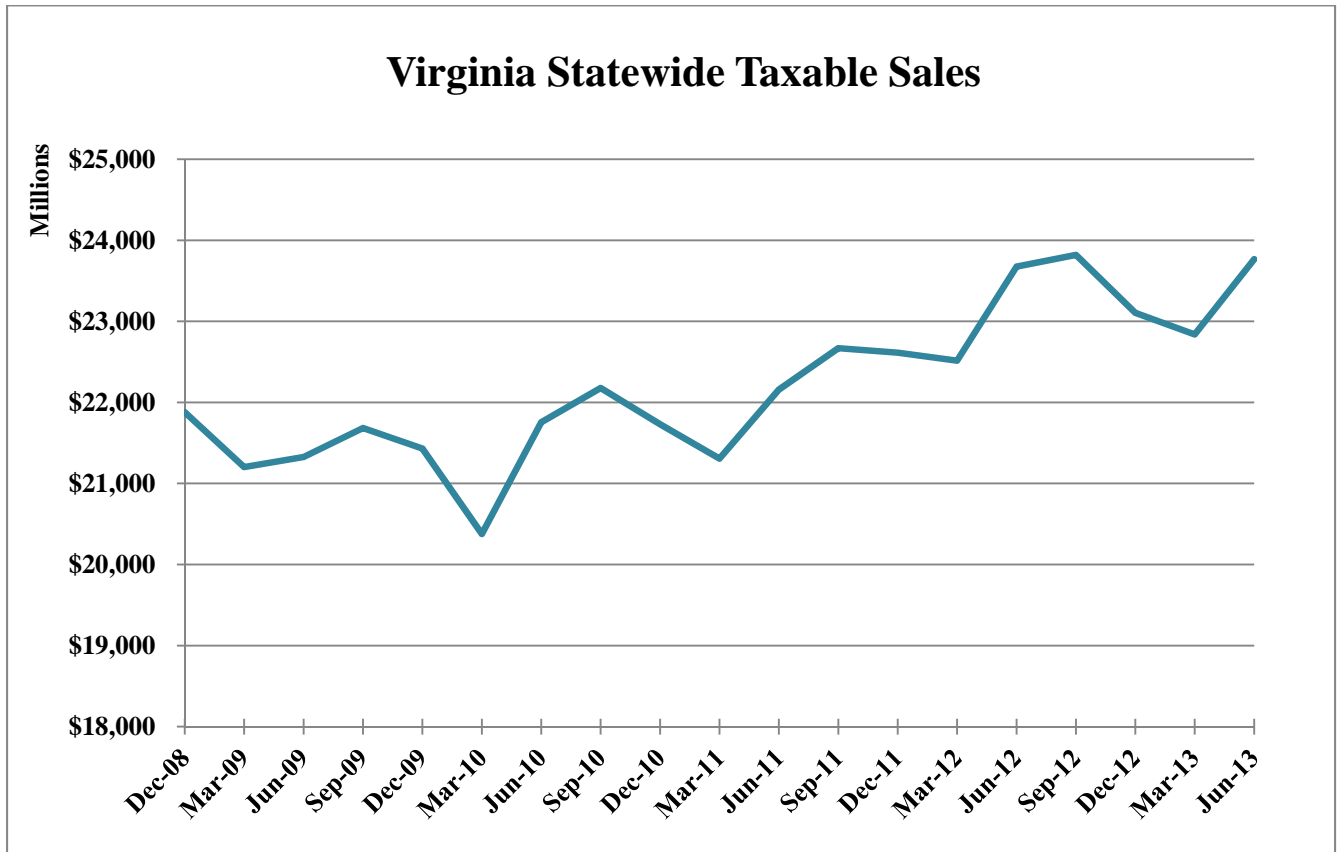
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (June 2013)

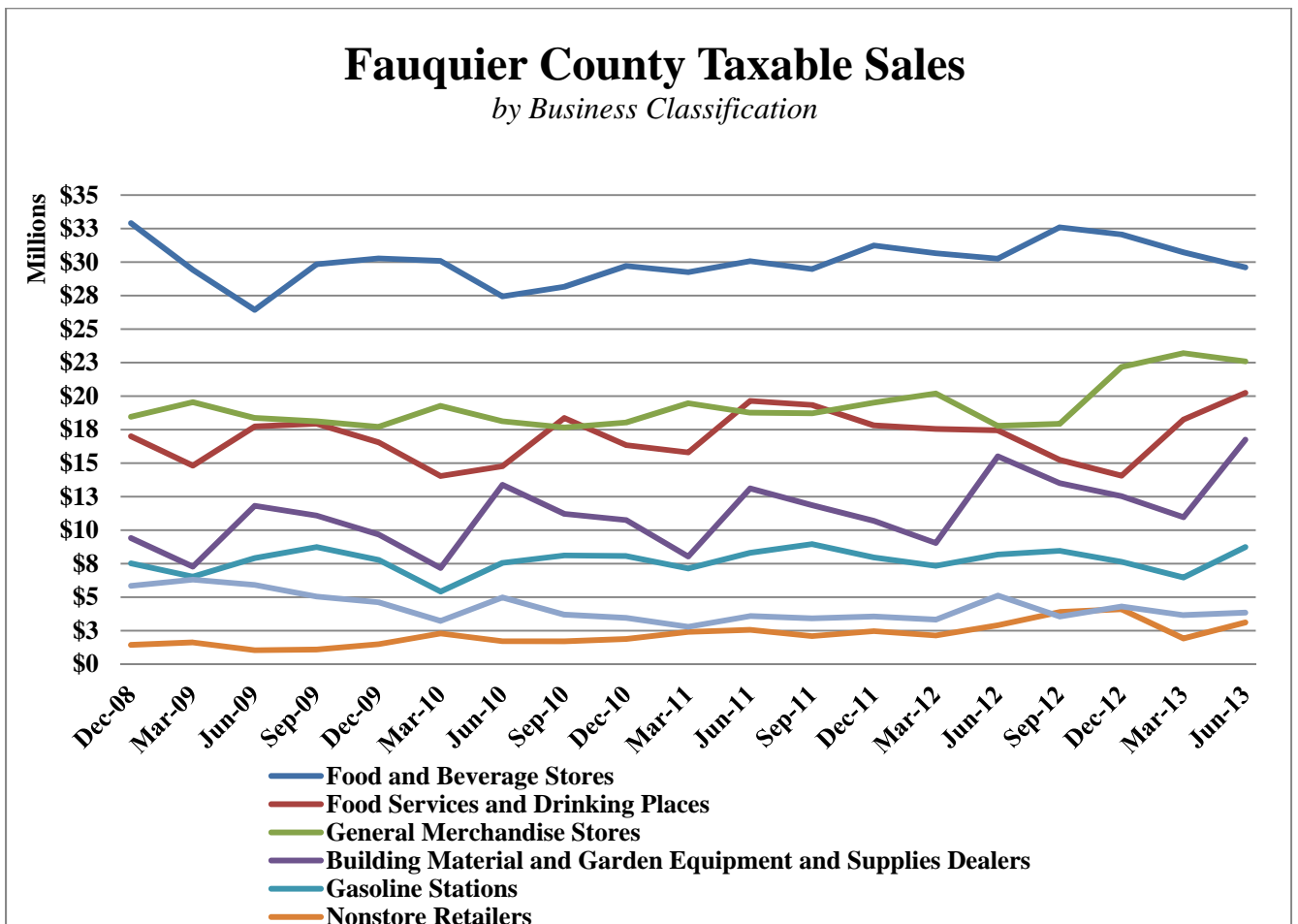
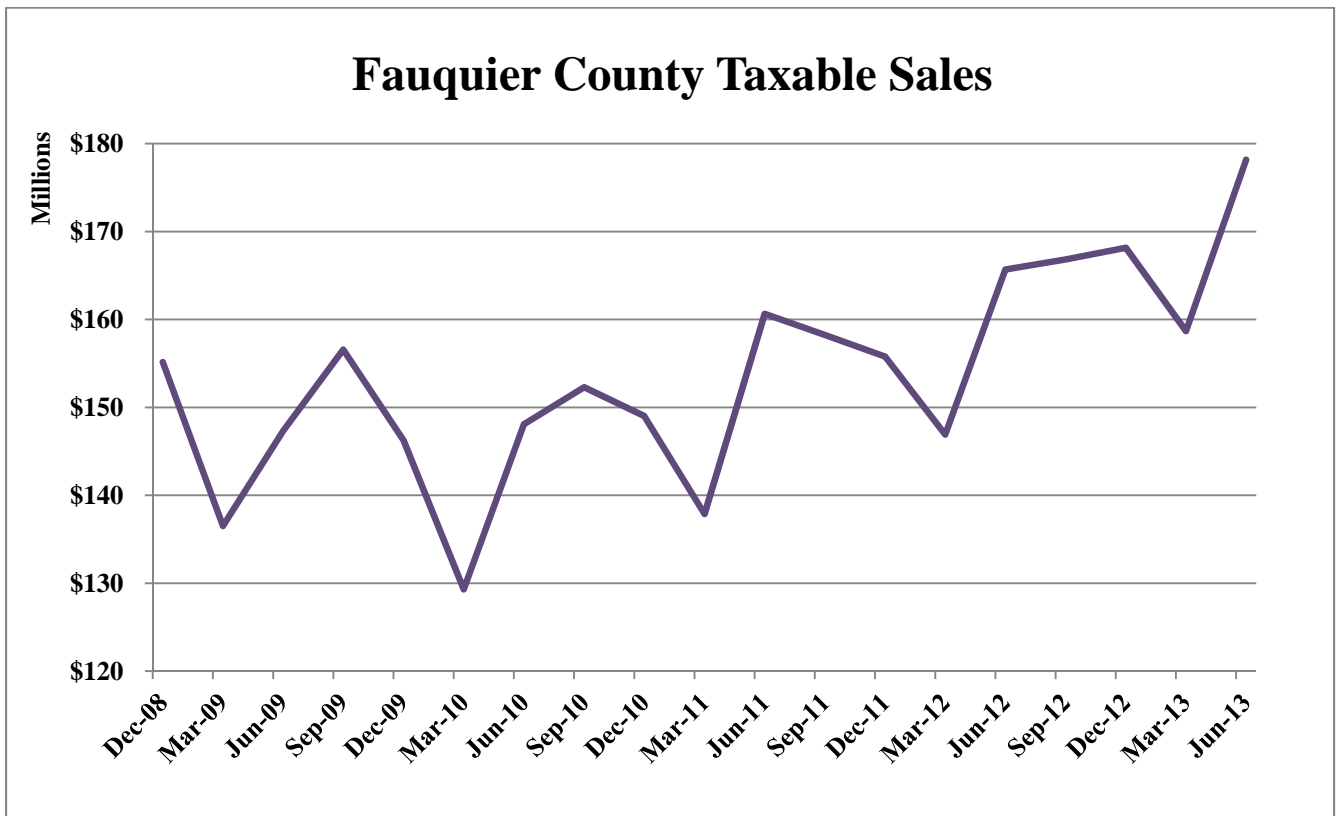
4. Taxable Sales

The following graphs provide data trends of taxable sales relative to the County, the State, and other local jurisdictions including:

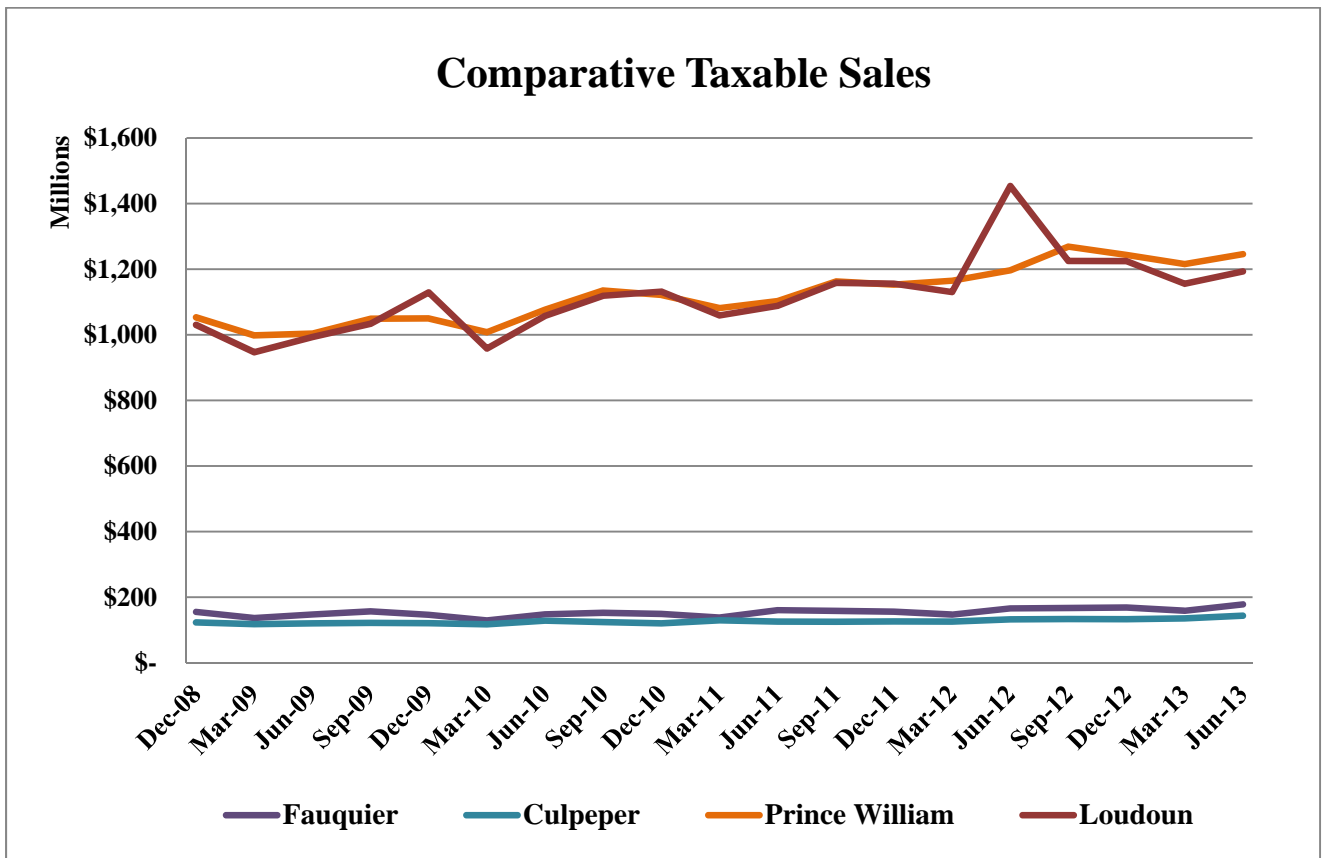
- Virginia statewide taxable sales;
- Fauquier County taxable sales;
- Fauquier County total taxable sales for business classifications with sales in excess of \$10 million at the beginning or end of the recession; and
- Fauquier County taxable sales in comparison to Prince William, Loudoun, and Culpeper Counties.

The County's taxable sales continued to improve throughout FY 2013. While the County's value of taxable sales value is less than Prince William and Loudoun, the positive rate of change remains similar. While food and beverage store sales has declined slightly, sales in food and beverage places have more than offset the decline. In addition, building and garden material supplies continue to experience positive growth. Overall, the County's taxable sales continue to experience a modest recovery.





Note: Categories displayed only represent those classifications that had \$10 million or more in monthly sales prior to the recession. Source: Weldon Cooper Center for Public Service, UVA – Taxable sales, Quarter Ending June 30, 2013.



Source: Weldon Cooper Center for Public Service, UVA.